

contribution matters volume 3.0

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Editor:

Bagus Nugroho (University of Melbourne)

Rino Nugroho (University of Queensland)

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Rino Nugroho (University of Queensland)



Penerbit Deepublish (CV BUDI UTAMA)
Jl. Elang 3 No.3, Drono, Sardonoharjo, Ngaglik, Sleman
Jl. Kaliurang Km 9,3 Yogyakarta 55581
Telp/Fax : (0274) 4533427
Email : deepublish@gmail.com
Penerbit Deepublish www.deepublish.co.id @deepublisher



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Contribution Matters

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Rino Nugroho (University of Queensland)





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Jl. Elang 3, No 3, Drono, Sardonoharjo, Ngaglik, Sleman
Jl.Kaliurang Km.9,3 – Yogyakarta 55581
Telp/Faks: (0274) 4533427
Hotline: 0838-2316-8088
Website: www.deepublish.co.id
E-mail: deepublish@ymail.com

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Editorial Address

8 Darwin Avenue, Yarralumla, ACT, 2600 Canberra, Australia.

Telp : +61405353024

Email : bagus.nugroho@ppi-australia.org

PREFACE

In celebrating the new year of 2014, the Indonesian Students' Association of Australia (PPIA) proudly publishes its newest academic Academic Publication ("PPIA Academic Publication: Contribution Matters 3"). The paper selection process was rigorous and time consuming, and was conducted solely pursuant to scientific Academic Publication writing criteria. As its readers' interests vary, PPIA Academic Publication does not focus on any one particular topic. In this Academic Publication, readers will find articles on education, society and community, media, marketing, energy, good governance, human development and politics.

Stephen King once said that writing is not about making money, getting famous, getting laid, or making friends. In the end, he says, it is about enriching the lives of those who will read the work, and enriching our own lives in the process. Therefore, on behalf of the Indonesian Students' Association of Australia, I would like to thank all the writers who have enriched our knowledge by sharing their ideas and thoughts through the PPIA Academic Publication.

Our deepest appreciation is also given to the reviewers, Ph.D Students and Alumni from Australia who have contributed their time to review the papers, namely Anton Rahmadi (University of New South Wales), Astria Nur Irfansyah (University of New South Wales), Made Andi Arsana (University of Wollongong), Melia Famiola (Macquarie University), Pinus Jumaryatno (University of Queensland), Rino Nugroho (University of Queensland), Darma Putra Nyoman (Udayana University), Eko Andi Suryo (Queensland University of Technology) Rahayu Puspa (Curtin University), and Sony Kusumasondjaja (Curtin University). Special thanks also goes to Bagus Nugroho (University of Melbourne), the former President of PPIA, who managed the compiling and publishing process of the Academic Publication.

It is hoped that the PPIA Academic Publication becomes an additional literary source for academic communities. It has been sent to university libraries both in Indonesia and Australia, and has also been uploaded to the official PPIA website as an academic work that can be read by anyone interested.

To improve the process and quality of future editions of the PPIA Academic Publication, we seek your input, suggestions and constructive criticism.

Thank you.

Regards PPIA!

Pan Mohamad Faiz Kusuma Wijaya
President of PPIA National 2013-2014

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EVALUATING STUDENT CHOICE CRITERIA TRADE-OFFS IN INDONESIAN HIGHER EDUCATION MARKETING

Andriani Kusumawati

Sydney Business School
University of Wollongong, Wollongong-Australia
Department of Business Administration, Faculty of Administrative Science,
Brawijaya University, Malang-Indonesia

Abstract

This research aim to estimate the relative importance the students attach to the factors that influence them to select an Indonesian public university and determine whether there are groups of students for whom different factors were more important. The data was examined using conjoint analysis approach, a widely accepted method for evaluating multiattribute alternatives in marketing. Findings indicate that high school leavers in developing markets view advice from family, friends, and/or teachers, reputation, and job prospect as the most important factors for selecting a public university. However, two different preference-based segments of prospective students were identified from cluster analysis, and classified into students' 'social networks-based decision' and 'rational decision' segments. Choice simulator was employed with three propositions and the segments were found to have dissimilar preferences. The paper concludes with a discussion of the implications and limitations of the method as well as direction for the future research.

Keywords: trade-offs, marketing, choice criteria, higher education, Indonesia

Introduction

One of the most significant trends in Indonesian higher education since last decade has been the increasing emphasis that has been placed on influencing the higher education institution's (HEI) choice process among prospective students [1, 2] and to develop new marketing approaches [3]. The actions were as a result of declining dependency on government funding [1], intensifying global competition, declining funding and changing demand patterns [4-7]. The restricted financial environment all impact on a university's endeavours to attract quality students [8-11].

On the other hand, the decision to enrol in higher educational institutions has the potential to change individuals' life, and therefore, is an important policy issue. However, the processes that influence this decision are lengthy and complicated. Student choice research has focused on factors that influence students' ultimate decision to attend college. Several studies have investigated the factors that influence students in their decision to attend a university or college [12-15]. These studies can be viewed according to the stimulus-response model of consumer behaviour, where students are

faced with external stimulus such as the institutionally controlled marketing vehicles [1], institutional attributes [16, 17] and non controlled factors like parents and friends' personal influence [18, 19].

It is important for service providers to understand the preferences of choice attached by respective customer groups on various product attributes. The relative weightings of importance for each of these attributes provide useful cues to explain why different people make different decision on alternative choices. This current research is one of the first consumer studies undertaken in the context of student choice criteria for selecting an Indonesian public university by using conjoint analysis approach, therefore, it makes a significant contribution to the body of knowledge in this important area of research. The benefits or otherwise of selecting a particular institution of higher learning is not for the individual alone, but for the whole of Indonesia as a nation.

Several studies have used conjoint experiments to investigate university choice. These studies include in the UK, for example, a study of Hooley and Lynch [20] who identified course suitability, university location, academic reputation, distance from home, type of university (modern/old), and advice from parents and teachers as important factors in students' decision to enroll in an institution. Moogan et al. [21] who investigated the choices of school leavers and identified key decision making attributes: course content, location and reputation, found that in the early stages of the decision-making process, prospective students view course content as the most significant factor, but as the consumption process nears, location becomes increasingly important. Another study of the choices made by students from Western Australia was conducted by Soutar and Turner's [22], who found that course suitability, academic reputation, job prospects, and teaching quality are four most important determinants of university preference. Each of the experiments required students to make trade-offs between a subset of university attributes including course, academic reputation and location. The findings of all three studies were generally consistent with the wider literature. However, none of the studies have addressed the research problem in an Indonesia context, as the criteria may be unique to Indonesia.

Much of the previous research in an Indonesian context [23, 24] focused on student choice for studying overseas, and not in the context of students choosing between universities within a domestic market. Therefore, this research will explore the most relevant factors that emerge in Indonesian higher education institutions context.

Theoretical Background

Higher education is categorised as a complex entity since it is a highly intangible service and requires developing relationships with multiple parties (e.g. students, parents, tutors, industry, professional bodies, government, alumni) over a relatively lengthy period of time. Higher education is also referred to as a comprehensive professional service as asserted by Licata and Maxham [25], which

starts with a student deciding which accommodation to adopt to developing their intellect over an extensive period of time. Consequently, as Moogan [26, p572] concluded “the purchase of an HE (higher education) service equates to the promise of future benefit, but the exact rewards are not known at the start of this extended decision-making process with the perceived risk being very high for all those parties concerned”. This intangibility influences the teaching, learning and assessment with ancillary provisions [27]; and, with higher education being highly reputational, student decision-making is a complicated process [28, 29]. In this latter category are what have been termed high-involvement purchase decisions. Involvement can be viewed as “the motivation to process information” [30, p129]. This kind of high- involvement decision with a ‘risky’ purchase also requires educational institutions to know the criteria that students use to select a university, so that they can develop effective service-marketing strategies.

Obviously the variety of decision influences (e.g. total costs, institutional reputation, job prospects, proximity, facilities) all combine to emphasise the fact that university choice is a high-involvement decision with a significant level of perceived risk [12]. However, what appears to have been ignored hitherto in the literature is the fact that this purchase is in effect of an intangible nature with candidates purchasing a service. Indeed, Hemsley-Brown and Oplatka [31] highlighted the dearth of theoretical models applied to the higher-education context and this dearth by applying these ideas specifically to the university-selection process.

Several researchers have attempted to explain student choice model. According to Hossler [32], most studies that have tried to understand the university choice process could be included in one of the following categories: economic models, status-attainment models and combined models. The other combined models in the literature proposed by Jackson [33], Chapman [34], Hanson and Litten’s [35], Kotler and Fox’s [36], and Hossler and Gallagher [37] have become the most widely accepted in enrolment behaviour [38-46]. These models are related to the various general consumer behaviour and decision making models such as those of Engle, Blackwell and Miniard [47, 48], Perreault and McCarthy [49], Schiffman and Kanuk [50] and Kotler and Keller [51].

The decision to enrol in higher educational institutions has the potential to change an individual’s life, and therefore, is an important policy issue. However, the processes that influence this decision are lengthy and complicated. Student choice research has focused on factors that influence students’ ultimate decision to attend college. Several studies have investigated the factors that influence students in their decision to attend a university or college [12-15]. These studies can be viewed according to the stimulus-response model of consumer behaviour, where students are faced with external stimulus such as the institutionally controlled marketing vehicles [1], institutional attributes [16, 17] and non controlled factors like parents and friends’

personal influence [18, 19]. Although research has shown that students consider numerous important factors when selecting a university, these factors have different level of importance for each country and each student. Additionally, a comprehensive review of the literature review showed that there has been a dearth of studies examining students' university-choice factors in less-developed countries.

Research Question

The research addresses two key questions:

1. What are the relative importance students attach to the factors that influence them to select an Indonesian public university?
2. Are there groups of students for whom different factors are more important?

Research Methodology

Most investigations of university choice have asked respondents to rate or rank a large number of attributes that may influence their choice [52]. While efficient, this approach fails to provide insights into the relative importance of each attribute and the trade-offs made between attributes [33]. A popular method for examining the relative importance of attributes is conjoint analysis. This method asks decision-makers to choose between hypothetical scenarios in an experiment to uncover the value they place on different criteria. Conjoint analysis makes several assumptions about decision-making. First, it assumes people evaluate only a few options in detail before making a decision. Second, it assumes options are evaluated as bundles of attributes rather than as whole products. Third, it assumes a compensatory choice strategy where good performance on one attribute compensates for poor performance on others.

A full profile conjoint analysis, with procedures suggested by Hair et al. [53] were followed:

1. The respondent is given a set of stimulus profiles (constructed along factorial design principles in the full profile case).
2. The respondents rate the stimuli according to some overall criterion, such as preference, acceptability, or likelihood of choosing.
3. In the analysis of the data, part-worths are identified for the factor levels such that each specific combination of part-worths equals the total utility of any given profile. A set of part-worths is derived for each respondent.
4. The goodness-of-fit criterion relates the derived rating of stimulus profiles to the original rating data.
5. The conjoint analysis model obtains the relative importance attribute for both aggregate and segmented model.
6. A cluster analysis was conducted to find heterogeneous preferences within the sample and to split into different segments.

7. A set of objects are defined for the choice simulator. Based on previously determined part-worths for each respondent, each simulator computes a utility value for each of the objects defined as part of the simulation.
8. Choice simulator models are invoked which rely on decision rules (first choice model, average probability model or logit model) to estimate the respondent's object of choice. Overall choice shares are computed for the sample. Those analyses were performed using the conjoint module of the SPSS/PASW Conjoint 18.

A qualitative study conducted in the early phase of this current research identified 25 attributes, which were too numerous to consider in a conjoint study, as the combinations would have become complicated to evaluate for respondents. Although Hair et al [54] suggested that the attributes “must be distinct and represent a single concept” (p. 568), six attributes chosen for this study embraced more than a single concept, because it was found in the qualitative study that the links between these concepts were so strong that the various pairs of concepts tended to merge.

The extensive literature review discussed in the research was also the basis for compiling a list of six major attributes that could be used to define or describe university choice criteria. Another qualitative research was conducted before the main survey to determine whether the criteria voiced in previous qualitative study held and to pre-test the questionnaire. As the criteria and their importance were found to be true in each of the qualitative studies, each attribute for the quantitative study was assigned three levels on the basis of respondent wording. Following Hair [55], the attributes were selected based on three considerations: to achieve the objectives of the investigation, minimise the cognitive task for respondents and facilitate the administration of the survey. The attributes and their respective levels are presented in Table 1. While these may not be an exhaustive list of attributes considered, they do represent the attributes most frequently mentioned and deemed by students to be most important. In order to support further this position, both the single concepts as well as the combined ones, were listed in the attribute section of the questionnaire.

Six attributes with three levels each would lead to 729 (3^6) possible combinations of profiles that can be rated by respondents. The surveys are usually not performed as full factorial design, but rather as fractional design, which basically are fractions of the full design. SPSS/PASW Conjoint 18 reduced size subset (orthogonal array) from 729 to 18. This type of orthogonal creation of full profile cards means that an additive composition rule is assumed to be valid between the variables, meaning that the variables are assumed to be independent from each other. As suggested by Hair et al [53] that the respondent evaluate a set of profiles equal to a multiple of (two or three times) the number of parameters. Moreover, Ekdahl [56] asserted that this method were utilised in order to add more attributes into the combinations and at the same time to not

increase the strain on the respondents. Four holdout cases were added in the end of the conjoint profile list to ascertain the prediction power of the model and to validate later the results of the conjoint analysis.

Table 1. List of Conjoint Attributes and Attribute Levels

| No | Attribute | Description | Level | Adapted from |
|----|--|--|--|--|
| 1 | Total expenses | The money that students would have to pay consisting of tuition fees, food, rent and other expenses from the date of commencement of study until graduation. | a. High b. Average c. Low | None |
| 2 | Reputation | Overall reputation of the university such as university ranking, status, university achievement and accreditation as a result of quality of education including teaching quality and classroom learning experience | a. Strong b. Average c. Poor | Soutar and Turner [22], Hooley and Lynch [20] |
| 3 | Proximity | The distance from home including the time taken to get to university | a. Close b. Moderate c. Far | Soutar and Turner [22] |
| 4 | Job prospect | The range of career opportunities available to students after graduating | a. Good b. Average c. Poor | Soutar and Turner [22] |
| 5 | Advice from Family, Friends, and/or Teachers | Seeking advice from family which is a group of people having kinship with the students including parents, siblings, and other relatives; friend which is a person known well to another, including class mates, acquaintance, seniors in high schools and school graduates who are currently enrolled in university and are friends; and teachers from high school | a. Strongly recommended b. Moderate support c. None/Negative | Hooley and Lynch [20] |
| 6 | Campus atmosphere | Overall university surroundings including campus environment, facilities inside the university, interaction and safety | a. Great b. Average c. Very little | Soutar and Turner [22] |

Rating scale of 1 to 10 (e.g., on a scale poled from "Do not prefer" to "Do prefer") was used to judge each combination. All the respondents were individually asked to rate university profiles as represented by six key variables, namely total expenses, reputation, proximity, job prospect, advice from family, friends, and/or teachers and campus atmosphere. Students were asked to assume that they had already

decided to study a public university and that they fulfilled the entry requirements for each university. This approach was consistent with the experiment being designed to reflect the final choice stage where students have chosen and identified a small set of universities to which they were confident of gaining entry [21, 52]. An example of a full profile card is given in Table 2.

Table 2. An example of Conjoint Full Profile Card

| | | | |
|-----|--|----------------------|--|
| P16 | Total expenses | High | <div> Do <u>NOT</u> prefer <u>DO</u> prefer <div> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 1 2 3 4 5 6 7 8 9 10 </div> </div> |
| | Reputation | Strong | |
| | Proximity | Close | |
| | Job prospect | Good | |
| | Advice from Family, Friends, and/or Teachers | Strongly recommended | |
| | Campus atmosphere | Great | |

The sampling frame consisted of high school leavers who chose to select a public university. This sampling frame was chosen for two reasons. First, as suggested by Soutar and Turner [22], this population makes up the largest segment of universities' prospective students and they are the major targeted cohort who enter the public university. Second, these individuals are able to provide accurate information regarding their choice processes as they are in the process of selecting a public university. The coverage of this research is on Indonesian public universities in Java, as it has the most population and the most number of public universities than other regions. Four out of six provinces were chosen as a sample area based on the level of social economic status, the number of students enrolment and the number of public universities.

Finding and Discussion

Before presenting the results of conjoint analysis, the following section in this paper focus on the socio-demographic profile of the respondent resulted from the conjoint questionnaire for overall sample.

Socio-Demographic Profile of the Respondent

The last section of the conjoint questionnaire was devoted to participants' personal details. This was done to gain insight into the demographic profile of the high school leavers as sample in the experiment. A limited number of respondents' background profile was included in the questionnaire due to the concerns regarding the burden on survey respondents from responding the full profile of conjoint survey.

Therefore, respondents were only asked to provide information on their gender, hometown, high school background, and university choices of the respondents. Although all qualified survey participants had to respond to all questions in the conjoint questionnaires, they were given an option not to respond to all questions related to their background information. As a result, the number of responses to some questions was slightly different from the number of total samples.

Table 3. The Distribution of Respondent

| Region | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| Jakarta | 76 | 18.86 |
| Central Java | 146 | 36.23 |
| Yogyakarta | 36 | 8.93 |
| East Java | 145 | 35.98 |
| Total | 403 | 100.00 |

This study involved 403 respondents from four provinces in Java, Indonesia. Among the total respondents, there were slightly more high school leavers from Central Java province 146 (36.23%) than East Java province 145 (35.98%). While high school leavers from Jakarta province only 76 (18.86%) and the remaining 36 (8.93%) students represented from Yogyakarta.

Question B1 in the table below reflects gender of respondent.

Table 4. Gender of Respondent

| Region | Gender | | Total |
|--------------|--------|--------|-------|
| | Male | Female | |
| Jakarta | 46 | 30 | 76 |
| Central Java | 72 | 74 | 146 |
| Yogyakarta | 12 | 24 | 36 |
| East Java | 87 | 58 | 145 |
| Total | 217 | 186 | 403 |

The table above indicates the gender of participants. Out of the 403 participants, there were more male (217) than female (186) students, but there were enough of each gender for the purposes of the present study. Looking further, it can be

seen that the gender distribution of respondent from Central Java were somewhat equal between male and female (72 and 74 respectively). In Jakarta and East Java province, the number of male respondent were relatively higher than female, while in Yogyakarta, female respondent were double than male respondent.

Table 5. Respondent Hometown

| Region | Hometown | | Total |
|--------------|----------|---------|-------|
| | Inside | Outside | |
| Jakarta | 43 | 33 | 76 |
| Central Java | 112 | 34 | 146 |
| Yogyakarta | 21 | 15 | 36 |
| East Java | 110 | 35 | 145 |
| Total | 286 | 117 | 403 |

The table above presents respondents place of origin. As can be seen, the majority of the respondents (286) were from inside the region in where they reside at present. While 117 of the total respondents were originate from outside the region in where they reside at the moment. Similarly, when reclassified by the province from where the respondents came from it was found that the biggest proportion of respondents in each province were came from inside parts of the province where they reside currently, and less of them came from outside the province where they live now.

Table 6. High School Graduation Year of the Respondent

| Hometown | High School's Graduation Year | | | | | Total |
|--------------|-------------------------------|------|------|------|------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | |
| Jakarta | - | 1 | 1 | 21 | 53 | 76 |
| Central Java | 2 | 1 | 5 | 15 | 123 | 146 |
| Yogyakarta | - | - | - | 2 | 34 | 36 |
| East Java | - | 12 | 3 | 13 | 117 | 145 |
| Total | 2 | 14 | 9 | 51 | 327 | 403 |

Regarding high school graduation year, it was found that the greatest proportion of respondent in each province graduated from their high school in the recent year (2011). Among all graduation year groups, the highest proportion for about 81.14

percent (327) respondents was graduated in the current year where the survey conducted. The second highest proportion of respondents (51) was graduated in one year ago (2010). Interestingly, there were slightly less high school leavers graduated in 2009 (9) than graduated in 2008 (14). The remaining 2 respondents graduated one year earlier, in 2007. From the table above it was evident that the large number of respondent who graduated in the recent year or fresh graduate appropriate with a typical sample of the high school leavers for the purposes of the present study.

The types of respondents' high school from Question B4 in the questionnaire are presented in table below.

Table 7. Types of High School of Respondent

| Region | Types of High School | | | Total |
|--------------|----------------------|---------|-------|-------|
| | Public | Private | Other | |
| Jakarta | 59 | 16 | 1 | 76 |
| Central Java | 122 | 20 | 4 | 146 |
| Yogyakarta | 31 | 5 | - | 36 |
| East Java | 112 | 32 | 1 | 145 |
| Total | 324 | 73 | 6 | 403 |

The table above reveals types of high school that the participant graduated from. Out of 403, the majority of participants, 324 graduated from public high schools, 73 graduated from private high schools and the remaining 6 respondents graduated from other high schools (e.g. Islamic or Christian high schools).

Table 8. Number of Respondent who have taken a course before applying at the university

| Region | Number of Participants | | Total |
|--------------|------------------------|-------|-------|
| | Ever | Never | |
| Jakarta | 4 | 72 | 76 |
| Central Java | 17 | 129 | 146 |
| Yogyakarta | 6 | 30 | 36 |
| East Java | 8 | 137 | 145 |
| Total | 35 | 368 | 403 |

Regarding the courses that participants ever attended (e.g. vocational or technical courses) at the university they intend to apply, Question B5 in the

questionnaire, only 35 out of 403 respondents who ever took such kind of courses. While a large amount of respondent (368) never studied before at the university they applied currently.

Out of 35 respondents, it was found that some of the respondents have attended a vocational or technical course at an institution and this institution were not university of their first choice (Question B6 in the questionnaire). Table below indicates the description of students who have taken a course both at other institutions or the institution of their first choice.

Table 9. University Preference of the Respondent

| Location | Current university as the first choice | | Total |
|--------------|--|----|-------|
| | Yes | No | |
| Jakarta | 1 | 3 | 4 |
| Central Java | 14 | 3 | 17 |
| Yogyakarta | 1 | 5 | 6 |
| East Java | 1 | 7 | 8 |
| Total | 17 | 18 | 35 |

As can be gleaned from the table, predominantly 18 (51.43%) respondents took a vocational or technical course before in other institutions and these institutions were not university of their first choice. Conversely, 17 (49.57%) respondents have taken a course at the university in which they chose it as the first choice. Interestingly, 14 respondents out of 17 respondents in Central Java stated that they took a vocational or technical course before in the university they intend to study as the first choice. Related to the question before, the number of university applied by participants were also asked and presented at the table below.

Table 10. Number of University Applied by Respondent

| Region | Number of University Applied | | | Total |
|--------------|------------------------------|-----|-----|-------|
| | 1 | 2 | 3 | |
| Jakarta | 5 | 37 | 34 | 76 |
| Central Java | 48 | 52 | 46 | 146 |
| Yogyakarta | 4 | 13 | 10 | 36 |
| East Java | 25 | 70 | 50 | 145 |
| Total | 82 | 172 | 140 | 403 |

Given the chance to choose up to three choices of university in Indonesian higher education entry system, the majority of high school leavers in the current study choose between two and three universities as their preference to attend (172 and 140 respectively). However, only 82 respondents were confidence with one university preference, as presented in above table.

Trade-off and Conjoint Analysis Findings

A total of the 625 high school leavers from four provinces in Java completed the conjoint survey, for a 100 percent response rate. Low consistency scores of validation sample (minimum Kendall's tau $\tau = 0.40$) eliminated 222 (35.52%) subject from the analysis to increase the validity and reliability of the model [53, 57]. Although according to Akaah & Korgaonkar [58], sample sizes below 100 are typical for conjoint analysis, a larger sample size would help control for measurement error. In this current study, the 403 (64.48%) remaining subjects were sufficient to ensure appropriate interpretation of the results.

Consistent with the demographics associated with the population of interest, there were more males than females. Most of the respondents were aged between 18 and 20 years old. Most respondents graduated from public high schools rather than private or other types of secondary school in the sample. In addition, as expected, the majority of the sample was fresh graduate high school leavers in the recent year and never studied at vocational or technical courses. The sample generally reflected the undergraduate population of interest.

In this study, two conjoint models were developed. First, the aggregate model analyzed all 403 responses and assumed homogenous preferences. Second, the segmented model split the data resulted from cluster analysis and analyze it into separate segments.

Aggregate Model

Pearson's r and Kendall's tau τ statistics are computed as summary measures of goodness-of-fit. They are reported as indicators of fit between the model and the obtained data [59-62] and are very high for this analysis for the aggregate sample (0.997 and 0.967), as they should be for valid analyses. A strong correlation (Kendall's tau $\tau = 0.667$) was found between the predicted model and the holdout set, which gives strong confidence in the suitability of the main effects model. Similarly, the entire sample had a high r (above 0.7) for the predicted model and a higher score than 0.4 for the holdout set. The results uphold assumption that high school student perceive university choice criteria as bundles of attributes and consider personal constraints when selecting a public university (see Table 3)

Table 11. Validity and Reliability of the Model

| | Coefficient | | |
|----------------------------|------------------------|-----------------------|------------------------|
| | Aggregate (n = 403) | Segment 1 (n = 80) | Segment 2 (n = 323) |
| Constant | 5.244 | 5.188 | 5.258 |
| Pearson's R | .997 | .997 | .995 |
| Kendall's tau | .967 | .901 | .961 |
| Kendall's tau for Holdouts | .667 | 1.000 | 1.000 |

While conjoint analysis provides an estimation of part-worths for each respondent, the results have also been aggregated across the overall sample at each measurement stage in order to observe any time specific change utilities for particular attributes. In addition, the importance scores are computed by taking the utility range for a particular attribute and dividing it by the sum of all the utility ranges [63] and are reported in Table 4.

Conjoint analysis revealed the following order of importance for all respondents: 1. Advice from family, friends, and/or teachers, 2. Reputation, 3. Job prospect, 4. Total expenses, 5. Campus atmosphere, and 6. Proximity. The most important attribute, advice from family, friends, and/or teachers, and the least important attribute, Proximity, are the same for the direct measures which is aggregate sample and for conjoint analysis in Segment 2. The Table 4 also shows importance ratings by level of attributes.

As shown in Table 4, the student surveyed appears to be most concerned with the advice from family, friends, and/or teachers (relative weight = 25.490 percent) as influential factor for choosing a public university. Reputation display the second highest importance rating (19.858 percent), followed by job prospect (18.197 percent) and total expenses (13.851 percent). Campus atmosphere (12.408 percent) and proximity (11.195 percent) contribute the least influence.

Further analysis of the advice from family, friends, and/or teachers (Table 4) suggests a high preference for strongly recommended support (mean utility = 0.824). If this type of support is unavailable, the students in this sample appear less inclined to attend a university with moderate support (mean utility = 0.187) and may possibly forego a university education if there is no support at all (mean utility = -1.011). This result supports the concerns raised about family, friends, and/or teachers recommendation in the qualitative phase of this study. As suspected, strong recommendation by family, friends, and/or teachers and increased likelihood of choosing university nearby. Although respondents did not exhibit close proximity (mean utility = 0.008) as the highest preference, moderate proximity seems more

reasonable (mean utility = 0.022) for them rather than far proximity (mean utility = -0.030).

Table 12. Conjoint Analysis Results for Overall Sample

| No | Attribute/ Level | Relative Importance/ Utilities (rank) | | |
|----|---|---------------------------------------|-----------------------|------------------------|
| | | Aggregate (n = 403) | Segment 1 (n = 80) | Segment 2 (n = 323) |
| 1 | Total expenses | 13.851% (4) | 8.296% (3) | 15.227% (4) |
| | a. High | -.143 | .025 | -.185 |
| | b. Average | .174 | -.010 | .220 |
| | c. Low | -.031 | -.015 | -.035 |
| 2 | Reputation | 18.858% (2) | 7.166% (6) | 21.754% (1) |
| | a. Strong | .428 | .046 | .523 |
| | b. Average | .188 | -.102 | .260 |
| | c. Poor | -.616 | .056 | -.783 |
| 3 | Proximity | 11.195% (6) | 7.500% (5) | 12.110% (6) |
| | a. Close | .008 | .050 | -.003 |
| | b. Moderate | .022 | .050 | .015 |
| | c. Far | -.030 | -.100 | -.012 |
| 4 | Job prospect | 18.197% (3) | 8.499% (2) | 20.599% (2) |
| | a. Good | .537 | .010 | .667 |
| | b. Average | .041 | -.037 | .061 |
| | c. Poor | -.578 | .027 | -.728 |
| 5 | Advice from Family, Friends, and/or Teachers | 25.490% (1) | 60.245% (1) | 16.882% (3) |
| | a. Strongly recommended | .824 | 2.025 | .526 |
| | b. Moderate support | .187 | 1.076 | -.033 |
| | c. None/Negative | -1.011 | -3.104 | -.493 |
| 6 | Campus atmosphere | 12.408% (5) | 8.294% (4) | 13.427% (5) |
| | a. Great | .171 | .177 | .169 |
| | b. Average | -.013 | -.212 | .036 |
| | c. Very little | -.158 | .035 | -.206 |
| | Constant | 5.244 | 5.188 | 5.258 |

Surprisingly the respondents in this study more prefer the average total expenses (mean utility = 0.174) and demonstrate increasing disutility when total expenses is high (mean utility = -0.143), and low (mean utility = -0.031). As expected, strong reputation and increased likelihood of finding a good job contribute positively to overall utility. The respondents also demonstrate minimum utility for poor job prospect after graduation (mean utility = -0.578), moderate utility for moderate job prospect (mean utility = 0.22), and a strong preference for good job prospect (mean utility = 0.537). Not surprisingly, the respondents in this study also prefer the great campus atmosphere (mean utility = 0.171) and show increasing disutility on average (mean utility = -0.013), and very little campus atmosphere (mean utility = -0.158).

The results presented for the Aggregate Model suggest that “reference group influence” including advice from family, friends, and/or teachers are significantly important than other factors. This results in line with other studies involving Asian students such as in Thailand [17, 64-66], Malaysia [15] and Turkey [19]. A high involvement of social links in students’ decision going to university had been investigated in many studies [67-69]. For example, parents of first-generation students and who have not had opportunities to attend college [70], parents of young women students [71], and siblings [72] become active participants in their children's college preparation and planning. The finding also suggest that the respondents in this study are willing to accept the average total expenses, possibly due to concerns about the reputation of the university as well as the quality of education.

Segmented Model

Preliminary cluster analysis was performed through hierarchical method; use Ward’s procedure which combined with the Squared Euclidean distance measure to determine the number of clusters. Then the cluster membership was found by using a non-hierarchical method; use K-means method as suggested by Perera [73] and Hair et al. [53]. Cluster analysis identified two homogeneous student segments. Each group represents a different preference-based segment, and is substantial in size. The smallest segment represents 19.85% of the sample and labeled ‘social networks-based decision’ segment, while the largest segment represents 80.15% of the sample and labeled ‘rational decision’ segment. Again, conjoint analysis was performed on each segment. Table 4 displays information that shows what variables have the most impact on driving student membership into different segments.

Validity of the two cluster were highly correlated (see Table 3), for Cluster 1, Pearson's $r = 0.997$ and Kendall's tau $\tau = 0.901$; for Cluster 2, Pearson's $r = 0.995$ and Kendall's tau $\tau = 0.961$. The predicted model and the holdout set for each of those two clusters were perfectly correlated (Kendall's tau $\tau = 1.000$).

As shown in Table 4, the two clusters differ most on the relative importance placed on advice from family friends, and/or teachers, reputation and job prospect. The

first segment places highest importance on advice from family friends, and/or teachers (relative weight = 60.245 percent), followed by job prospect (8.499 percent) and total expenses (8.296 percent). Unlike to the aggregate model, reputation places least important (7.166 percent) after proximity (7.500 percent) as second least important attribute. In contrast, the second segment rates reputation most important (relative weight = 21.754 percent), followed by job prospect (20.599 percent) and proximity least important (12.110 percent). This group ranked advice from family friends, and/or teachers third (16.882 percent) and followed by total expenses (15.227 percent). Similar to the aggregate model, campus atmosphere (13.427 percent) and proximity least important (12.110 percent) exhibit the least influence.

The utility for advice from family friends, and/or teachers (see Table 4) shows that the first segment values the strong recommendation from family, friends, and/or teachers (mean utility = 2.025) and is opposed to another type of support from family friends, and/or teachers (none/negative support mean utility = -3.104). Likewise, the second segment is also concerned to strong recommendation from family friends, and/or teachers. As shown in Table 4, both segments demonstrate disutility from decreases in group reference recommendation, but the rational decision segment is more price-sensitive. For example, with the strong recommendation from their social reference group, prospective students in the first segment may not sensitive on high level of total expenses, even with poor reputation and job prospect. On the contrary, rational decision segment had high expectations on their university preference (see Table 4) by selecting a university with strong reputation, good job prospect, great campus atmosphere which strongly recommended by their reference group but with average total expenses and moderate proximity.

If finding a job is necessary to cover the costs of education, it is not surprising that the two groups also differ significantly on utility for job prospects. Table 4 suggests that the social networks-based decision group is content with poor job prospect after graduation (mean utility=0.027) with either close or moderate of distance from home. However, the rational decision segment is not satisfied with only average level of getting a job offer after graduation, and has a much stronger preference for good chance of an offer (mean utility=0.667).

Choice Simulator

The final stage of the conjoint analysis is the choice simulator. The purpose of the choice simulator is to estimate percent of respondent choice for specific factor profiles entered into the simulator. Most often, the current competitors in the market are defined by identifying specific levels of the choice attributes. The simulator estimates choice share for the current market.

The most common simulator models include the maximum utility (first choice model), the average choice (Bradley-Terry-Luce) model, and the Logit model. The first

choice model identifies the product with the highest utility as the product of choice. Each respondent was assumed to choose the profile with the highest utility (max-utility choice rule). After the process is repeated for each respondent's utility set, the cumulative "votes" for each product are evaluated as a proportion of the votes or respondents in the sample (i.e. "market" share). The Bradley-Terry-Luce model estimates choice probability in a different fashion. The choice probability for a given product is based on the utility for that product divided by the sum of all products in the simulated market. The logit model uses an assigned choice probability that is proportional to an increasing monotonic function of the alternative's utility. The choice probabilities are computed by dividing the logit value for one product by the sum for all other products in the simulation. These individual choice probabilities are averaged across respondents. Both probabilities models tend to give similar prediction [53]. The SPSS/PASW 18 conjoint simulator utilized holdout profile (for validity and reliability checks) and computes a preference score for each respondent. It offers three choice rules: maximum utility, the Bradley-Terry-Luce probability of choice model, and logit, as presented in Table 5.

Table 13. Conjoint Attributes and Preference Probabilities of Simulations for Aggregate Sample

| No | Attribute | Ideal Preference | | Attribute Level | | |
|--------------------|--|----------------------|-----------------|------------------|-----------------------------|----------------------|
| | | Level | Utilities Score | University 1 | University 2 | University 3 |
| 1 | Total expenses | Average | .174 | High | Average | Low |
| 2 | Reputation | Strong | .428 | Strong | Average | Average |
| 3 | Proximity | Moderate | .022 | Far | Moderate | Close |
| 4 | Job prospect | Good | .537 | Good | Average | Poor |
| 5 | Advice from Family, Friends, and/or Teachers | Strongly recommended | .824 | Moderate Support | Strongly recommended | Strongly recommended |
| 6 | Campus atmosphere | Great | .171 | Average | Average | Very little |
| Maximum Utility | | | | 35.7% | 43.7% | 20.6% |
| Bradley-Terry-Luce | | | | 34.5% | 35.5% | 30.0% |
| Logit | | | | 35.2% | 40.8% | 24.0% |

An ideal preference for the high school leavers according to this current study is to choose a university with average total expenses (0.174), a good reputation (0.428), and a moderate proximity (0.22). Students prefer to choose a university which are strongly recommended by their family, friends, and/or teachers (0.824), have good job prospects (0.537), and a great campus atmosphere (0.171).

In the simulation process, the ideal preference is changed into the more realistic university choice criteria as presented in Table 5. From the three universities, the most preferable combination for the aggregate sample is University 2. This university holds the highest probabilities score in maximum utility for 43.7 percents, Bradley-Terry-Luce for 35.5 percents and logit test 40.8 percents. The proposition consists of average of total expenses, reputation, job prospect and campus atmosphere, with moderate proximity but strongly recommended by their family, friends, and/or teachers.

Table 14. Conjoint Preference Probabilities of Simulations for Each Segment

| No | Attribute | Segment 1 | | | Segment 2 | | |
|----|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | University A | University B | University C | University A | University B | University C |
| 1 | Maximum Utility | 5.6% | 40.6% | 53.8% | 43.2% | 44.4% | 12.4% |
| 2 | Bradley-Terry-Luce | 30.4% | 34.3% | 35.8% | 35.6% | 35.8% | 28.6% |
| 3 | Logit | 16.6% | 36.0% | 47.3% | 39.8% | 41.9% | 18.2% |

When conducting simulation with the same three concepts on two different segments, it was found that these segments have dissimilar preferences. Segment 1 places the highest preference on choice criteria such as low total expenses, average reputation, close proximity, and this choice were strongly recommended by their family, friends, and/or teachers, though with poor job prospect as well as very little campus atmosphere as presented in the University C (see Table 5). This concept holds the highest probabilities score in maximum utility for 44.4 percents, Bradley-Terry-Luce for 35.8 percents and logit test 41.9 percents (see Table 6). On the contrary, Segment 2 has more rational choice criteria by selecting University 2 as the highest preference which has highest probabilities score in maximum utility for 53.8 percents, Bradley-Terry-Luce for 35.8 percents and logit test 47.3 percents. This university characterises with average of total expenses, reputation, job prospect and campus atmosphere, with moderate proximity but strongly recommended by their family, friends, and/or teachers. The results are consistent between the Segment 2 and the aggregate sample, as can be observed from the Table 5. The results reveal that

University A's proposition is not at all attractive to any of the segments. This combination shows that generally, high school leavers in this research have realistic choice criteria even though they still depend on their social networks recommendation for selecting the best university to study.

Implication of the Findings

The purpose of this study was to evaluate the choice criteria used by prospective undergraduate students and determine whether there are groups of students for whom different factors were more important. The research confirms that prospective students use a subset of attributes when selecting a university. The results also show that while some students consider high reputation and good job prospect as part of their choice criteria, many continue to express concerns regarding the strong influence of social networks.

Public universities should deliver on the most important criteria identified by prospective students. Mass customisation [74] is the appropriate marketing strategy for universities. Appropriate information dissemination to both prospective students and their reference group should be at the core of customisation of universities' promotional strategies. Each influencing entity must primarily be given information that it deems important. In terms of marketing these educational products, it would mean that word-of-mouth communications, which is dependent on reference groups influence, is more appropriate as a communication tool. Institutions would have to continue to invest more on integrated marketing communication to appeal, persuade and attract new students. Higher-education institutions must ensure that the prospective students and their family, alumni, high-school teachers and other well-connected people that have influence in their communications, are part of targeted groups to be informed about the strengths, accomplishments and successes of the institution. Universities can design the program specifically to involve family members and the community to perpetuate "the notion of cultural capital beyond merely the individual" [75, p228].

This analysis also intended to give an insight into the use of conjoint analysis in estimating relative market shares. More complex simulations could be conducted by varying several attribute levels simultaneously. In addition, it is possible to analyse the impact of new profile's combination to an existing set of university profile, for example to the three Universities which form the basis for the base simulation.

The study illustrates, however, the relevance of conjoint analysis as an effective analytical tool for the identification of important choice criteria and university preference in general, and its potential contribution to the development of more effective marketing strategies from the perspective of the prospective students in both different segments. The results can help university administrators and recruiters customize their marketing strategies to each segment by providing important information to the principal parties involved in making university choice decisions.

Limitations and Future Research

This research has limitations that restrict the generalisation of its findings and open up directions for future research. First, only high school leavers in Java that choose to go to public universities were investigated. This means that the information gathered and the conclusions reached may require further testing in less populated regions. Second, the study did not cover high school leavers who choose polytechnics and other higher education institutions, because they are a different type of higher education institution.

As a future research direction, to get benefit for conducting conjoint analysis based on cluster, surveys can be targeted at specific student segments, such as based on social economic status of the prospective students, and perhaps conducted in different geographical area. One could then determine if there are other relative importance factors occur. Along these lines, marketing strategies could be customised to each of these target markets in a more effective and differentiated way.

Conclusion

This paper provided some background of respondent through descriptive statistics using frequencies, percentage and other central tendency analysis were used to better understand the groups' characteristics of the various simulations to be tested. Consistent with the demographics associated with the population of interest, there were more males than females. Most of the respondents were aged between 18 and 20 years old. Most respondents graduated from public high schools rather than private or other types of secondary school in the sample. As expected, the majority of the sample was fresh graduate high school leavers in the recent year and never studied at vocational or technical courses. The sample generally reflected the undergraduate population of interest.

With the aid of conjoint analysis, consumer preferences were identified and described in two models, aggregate and segmented model based on the importance values and the part-worth utilities obtained. For the aggregate model, 403 responses were used and assumed as homogenous preferences. The results revealed the following order of importance for all respondents: 1. Advice from family, friends, and/or teachers, 2. Reputation, 3. Job prospect, 4. Total expenses, 5. Campus atmosphere, and 6. Proximity. The most important attribute, advice from family, friends, and/or teachers, and the least important attribute, proximity, are the same for the direct measures and for conjoint analysis.

For the segmented model, the data was split by cluster analysis and analyzed into separate segments. Hierarchical and non-hierarchical cluster analysis was used to help identify market segments based on their preferences and socio-demographic characteristics. Cluster analysis identified two homogeneous student segments which the smallest segment represents 19.85% of the sample and labeled 'social networks-

based decision' segment, and the largest segment represents 80.15% of the sample and labeled 'rational decision' segment. The first segment places highest importance on advice from family friends, and/or teachers followed by job prospect and total expenses, while reputation places least important after proximity as second least important attribute. In contrast, the second segment rates reputation as the most important followed by job prospect and advice from family friends, and/or teachers, while proximity as the least important.

A conjoint simulator test was demonstrated for allowing preferences of three different university choice scenarios to be examined by the aggregate sample and by different segments, which were not actually rated by consumers. These three possible university combinations captured the actual scenario of reputational diversity in Indonesian public university and represented both "old" and "new" universities. The simulator model was estimated by the highest probabilities of maximum utility (first choice model), average choice (Bradley-Terry-Luce) model, and Logit model. For aggregate sample, the most preferable combination for was University B characterized by average of total expenses, reputation, job prospect and campus atmosphere, with moderate proximity but strongly recommended by their family, friends, and/or teachers. For two different segments, it was found that these segments have dissimilar preferences. Segment 1 places the highest preference on choice criteria such as low total expenses, average reputation, close proximity, and this choice were strongly recommended by their family, friends, and/or teachers, though with poor job prospect as well as very little campus atmosphere as presented in the University C, while Segment 2 has more rational choice criteria by selecting University B which is consistent with the aggregate sample.

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THE CHANGING ATTITUDE TOWARD THE CHINESE MINORITIES IN THE POST-NEW ORDER INDONESIA

¹Johanes Herlijanto

Department of International Relations, Bina Nusantara University, Indonesia

Abstract

This article seeks to find for an understanding of the changing attitudes toward Chinese Indonesians in Indonesian Society post Suharto. Long before the New Order government established its power in this country, negative perception and attitudes toward this group of people had already become widespread. Such negative perception and attitudes became more popular during the New Order period (1967-1998). In those days, even the government itself made a list of discriminative regulations aimed at controlling these people.

However, since Indonesia entered the Reformasi era, a much better perception and positive attitudes toward the ethnic Chinese have begun to emerge. Today, enthusiasm with aspects related to Chinese Indonesians, such as their history and culture, can be found among the so called 'Pribumi' (Indigeneous) Indonesians. How and why has this change of attitude and perception taken place? It is this question that this article attempts to answer.

Introduction

Ethnic Chinese in Indonesia (hereafter referred to interchangeably as the 'Chinese Indonesians' or the 'Chinese') is a minority group that has become the target of the government's discriminative practices for over three decades. However, following the demise of the New Order regime, this group of people has enjoyed a better treatment. Many of the laws and regulations that were discriminating against them have been abolished by the Post New Order Indonesian government. Their culture, whose public appearance was forbidden in the New Order period, has now resurfaced and received a relatively warm welcome from those who are popularly known as the 'Pribumi' ('Indigenous') Indonesians. In short, a changing attitude toward this ethnic group has emerged since roughly a decade ago.

Why and how has this change of attitude taken place? Should its emergence be understood merely as a result of the change of regime that occurred in 1998? Are there any other processes that have led to that change of attitude? It is these questions that this article attempts to deal with. Using the data collected during a fieldwork conducted mainly in Surabaya and Jakarta between July 2008 and June 2009, this article will show how several developments that have taken place in Indonesian society post New Order

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have contributed to the change of attitude among the so called Indigenous Indonesians toward their Chinese Indonesian counterparts.

The Discourse of Multiculturalism

One of the significant developments that might contribute to a better attitude toward ethnic Chinese in post-Suharto Indonesia is the emergence of the discourse of multiculturalism, combined with anti-racist campaign. “Multiculturalism”, as Breidenback and Nyiri (2009: 159) explains, is a term “used both in a descriptive sense, to refer to the reality of a culturally diverse society, and as the name of an ideology and a set of policies that supports the maintenance of such diverse cultural identities and traditions”. According to the above scholars, this view asserts that in a liberal democratic society everyone must have the rights to be both equal and different.

The ‘discourse on multiculturalism’ and the spirit it contains have been developed and circulated, among others, by several non-government organizations (NGOs) and Indonesian academics, since the last years of Suharto era. For example, a Jakarta based ‘centre for Multicultural Understanding’ (RAGAM), was developed in 1987 in response to Indonesia’s massive multicultural diversity, and since then had attempted to activate the voices of marginalized and minority groups within the huge population (Hoon 2006: 26-26). After the collapse of the New Order authoritarian regime, more NGOs that promote multiculturalism have been established. The establishment of these NGOs might be seen as a result of the emergence of a more democratic society in post-Suharto Indonesia. But it might also be regarded as a response to the ethnic and religious conflicts that frequently occurred in the country immediately after the change of the regime. These conflicts have made various groups of people forming many organizations in order to promote multiculturalism. For example, in 2001, a forum called as the ‘Inter Religious Forum’ was established in Surabaya, with an active support from the Nahdlatul Ulama, one of the biggest Muslim organizations in Indonesia. Such organizations have further proliferated due to the strong supports from several prominent national leaders, such as the late President Abdurrahman Wahid.

Besides being promoted by NGOs , the concept of multiculturalism has also been circulated widely in the academic world in Indonesia, thanks to the efforts conducted by various groups of Indonesian academics and scholars. As an example, in Surabaya, a group of academics affiliated with several universities have made a significant effort to introduce multiculturalism to their students. According to a member of this group, this effort is carried out, among others, by designing a curriculum that allows students to encounter with the concept of multiculturalism.

The discourse on multiculturalism has also been transmitted through art performances. By way of example, a Yogyakarta based traditional theatre popularly

known as the ‘Ketoprak Ringkes Tjap Tjonthong’², always tries to insert the multicultural ideas in their performance. One day, in August 2008, I had a chance to talk with an important member of this group in Semarang after they performed a play titled as ‘Laksamana Cheng Ho’ (the Admiral Zheng He).³ According to this person, the reason why he adopted the story about the Admiral Zheng He in their performance was because it contained multicultural values: a Muslim admiral commanding non-Muslim Chinese to visit non-Muslim Javanese. Another example is the ‘Multicultural Puppet Show’ (*Wayang Multikultural*) that was performed in Surabaya.⁴ The puppet show was performed by three puppet masters with different ethnic groups, that is, Javanese, Chinese, and Arab, and contained some dialogs in Javanese, Mandarin, and Arabic. And as the Vice Mayor of the city asserted, “The purpose of this multicultural puppet show was to strengthen the feeling of unity and togetherness” (Detik Surabaya, 15 August 2009).

Islam, a Blessing for All

Another significant development that deserves our attention in the Post-Suharto Indonesian society is the recent popularization of a discourse on Islam as a peaceful and tolerant religion. The proliferation of this discourse might be understood as a response to the post September 11 (9/11) discourse in which “Islamic identity of nations, states or even individuals started to be conceived as a challenge to the hegemony of secularist modernity and hence as a ‘pre-modern’ ‘barbaric’ enemy of civilization” (Ahmed 2006: 1). But it is also a response to the violent conflicts amongst different religious groups (in which certain Muslim groups were involved) and to several blasts perpetrated by the terrorists alleged to have certain links with radical Muslim groups within and outside Indonesia. Thus, it is understandable if within the discourse on Islam that they have promoted recently, moderate Indonesian Muslims put an emphasis on the peace and tolerance imbued in Islam.

The popularization of the above discourse can be observed from the fact that the phrase referring to Islam as the ‘*Rahmatan Lil Al Amien*’ religion (the religion that brings blessing to the whole human beings) is re-accentuated and more frequently heard in public discourse today. By way of example, Din Syamsuddin, the chairperson of Muhammadiyah, one of the two biggest Islamic organizations in Indonesia, was reportedly asking the Muhammadiyah congregation to prove that Islam is a religion of

² The literary translation of the “Ketoprak Ringkes” is the “Cone Brand Simple ‘Ketoprak’”. Ketoprak is Javanese popular dramas which have plots with either Persian or Hindu Javanese background and was invented no earlier than 1923 (Geertz 1976: 289, 291)

³ Admiral Zheng He is the Chinese eunuch who led the fleets of the Ming dynasty to sail to many parts of the world. In Indonesia today he is celebrated as a Chinese Moslem (See e.g. Kong 2009)

⁴ Wayang is a puppet usually made of leather. A wayang performance is usually performed by a *dalang* (puppet master) accompanied by traditional music. The story used in the performance is usually based on the Mahabharata which most of the time has been combined with local flavour.

peace. He declared, “Prove that Islam is a religion of love and peace. I call it as the ‘cultural confession’ (*Syahadat Kebudayaan*), which should be done after the first ‘confession’, that is, the confession of our faith” (Media Indonesia Online, 24 August 2009). Meanwhile, in 2004, the ‘Nahdlatul Ulama’ (NU) held an International Conference of Islamic Scholars. The theme used in this conference was “Meneguhkan Kembali Islam Sebagai Rahmatan Lil Al Amien” (Reaffirming Islam as the Blessing for All). According to KH Hasyim Muzadi, the then chairperson of NU, the conference adopted this theme as a response to the accusation (by the non-Muslims) that Islamic teachings were violent oriented. As he said, he hoped that the people and leaders of the developed countries would think that Islam is a religion that teaches each of its followers to be blessings for all human beings and the universe (See NU Online, 19 February 2004).

The effort to popularize the concept of Islam as a peaceful and tolerant religion has also been conducted by young Muslim intellectuals who propose what they call as the ‘Multicultural Islam.’ For example, in an article that he posted in his personal blog (and that according to the writer was published in Jawa Pos, the biggest newspaper in East Java), a young Muslim intellectual contends that there is nothing wrong to dream of an ‘Islamic country’, as long as this ‘Islamic country’ is adjusted to the multicultural context of Indonesia (my translation, Ariyanto 2006). In the same spirit, Choirul Mahfud, a Surabaya based young Muslim intellectual and academic explains further that the Multicultural Islam that he proposed entails “readiness to accept the different others, whether it (this difference) is based on group, school, ethnicity, tribe, culture, and religion” (my translation, Mahfud 2008). He also says that this Multicultural Islam should be more than just celebrating multiculturalism, but also becoming a driving force “to create a justice, peaceful, tolerant, harmonious, and prosperous society” (Mahfud 2008).

An Alternative History of Indonesian Islamization

Alongside the popularization of the discourse on Islam as a peaceful and tolerant religion, a discourse that reconsiders the history of the spread of Islam to Indonesia has also begun to (re)develop.⁵ This discourse provides an alternative history of Islam in Indonesia by emphasizing the role of Chinese communities in the Islamization process. It began to emerge in 2003, when a book by a young Indonesian Muslim scholar, Sumanto Al Qurtuby, was published. Unlike other scholars who seems to believe that the Chinese communities had only played indirect roles in bringing Islam to the region (E.g. Taylor 2005), Qurtuby argued that the fact that the Chinese communities played an important role in the Islamization process in Java is indisputable

⁵ The discourse actually had appeared as early as the 1960s, but was silenced by the then New Order government. It only began to develop and proliferate again after the turn of the century. For a detailed analysis regarding the discourse, see Chiou (2010)

(Qurtuby 2003: 225). The position held by this author is actually not new. In 1960s, Slamet Muljana had contended that many of the historical figures who played significant roles in Islamizing Java, including some of the nine Saints (well known as the 'Walisanga' in Javanese), were Chinese (See Muljana 2005: 81-128). Nevertheless, the book was banned by Suharto's administration. Hence, this alternative history of Islamization process in the country was silenced for several decades until Qurtuby's book was published. The presence of this book, combined with the republication of Muljana's book (which by 2008 has been reprinted for five times), has evoked a wide discussion on the alternative history of Islamization in the region. As a result of these scholarly works, and the recent discussions on the topic, the discourse that emphasizes the role of Chinese Muslims in Islamization process in Indonesia has been popular, at least among certain groups of Intellectual Muslims in Indonesia.

Activities Conducted by Chinese Indonesians

Besides the above mentioned developments, the activities which are frequently conducted by the Chinese Indonesians post Suharto might also have contributed to the change of perception and attitudes toward them. Since the change of the regime in 1998, the Chinese Indonesians have made various efforts to be fully accepted as a part of Indonesian nation, and to improve their position in Indonesian society (Herlijanto 2003: 10-17). These efforts have been conducted, among others, through many activities aimed at reducing the negative perception of the ethnic Chinese among Indonesians with other ethnic backgrounds. For example, they are involved in many social activities, such as helping the victims of natural disasters and other related activities, in order to show the public that the Chinese Indonesians are not exclusive. They also have made a hard effort to reduce the perception that regards the Chinese Indonesians as less nationalistic, and therefore less Indonesian, by showing their 'nationalist face' through many symbolic activities. In addition, they also have attempted to get the opportunity to participate in 'building the new Indonesia' through many different activities.

As a result of these activities, interactions between the Chinese Indonesians and Indonesians with other ethnic and religious backgrounds have taken place more frequently and intensively. By way of example, On October 9th 2008, a Chinese Indonesian association in Surabaya held a dinner party to celebrate the "*Idul Fitri*"⁶. Many Indigenous Indonesians, including young activists affiliated with Muhammadiyah and NU, were invited to that party. The Master of Ceremony of the event was a young Muslim woman graduated from the State Institute of Islamic Religion (IAIN) Sunan

⁶ Idul Fitri is an Indonesian term for Id al-Fitr or Eid al-Fitr, a Muslim Holiday that marks the end of the Ramadan, the Muslim holy month of fasting. See <http://www.britannica.com/EBchecked/topic/281653/Id-al-Fitr>.

Ampel, Surabaya. In that occasion, the chairpersons of the East Java's branch of Muhammadiyah and NU gave their opening remarks (*kata sambutan*).

Such activities may provide spaces for many different peoples with different ethnic backgrounds to mingle, and hence hone a closer relationship between them. But these activities can also produce another result: an understanding that the Chinese Indonesians also care for their non-Chinese fellow citizens, and therefore they can't be considered as asocial or exclusive anymore.

It is worth noting that the Chinese Muslims are aware that their Islamic identity has provided them with a better opportunity to promote a positive image of the Chinese. Hence they conduct various activities that may produce such positive image. For example, in 2003, the East Java branch of the Association of Chinese Muslims of Indonesia (Perhimpunan Islam Tionghoa Indonesia, abbreviated as PITI) built a Chinese style mosque in Surabaya and named it the "Masjid Haji Mohammad Cheng Ho" (popularly known as the "Cheng Ho Mosque"). By building this mosque, as a scholar argues, these Chinese Muslims "have created an alternative socio-religious space, empowering themselves to improve ethnic relations between the Chinese-Indonesians minority and the indigenous Muslim majority after the downfall of President Suharto" (Chiou 2007: 265). In fact, this socio-religious space has not just been created by the physical form of the mosque itself, but also by the activities conducted by Chinese Muslims. For instance, every afternoon during the Ramadan (the Muslim fasting month), the Cheng Ho foundation – which was established to manage the mosque and activities related to it – provides free breakfast for hundreds of people. Thus every afternoon, one can see Chinese Muslims having breakfast together with Indigenous Indonesians.

Besides the activities held in the Cheng Ho mosque, the Muslim Chinese have also conducted some other activities to popularize the name of Admiral Zheng He and his role as a Muslim. In April 2008, for example, they arranged an international seminar titled as "Cheng Ho, Walisongo, and Chinese Indonesian Muslims in the past, present, and future". By organizing this seminar, they are not only engaged in the activities to make the name of Zheng He known, but also to establish "a sacred origin from Cheng Ho's history as a point of interaction between Islam, China, and Indonesia", and to prove "the Chinese contribution to the spread of Islam in Indonesia" (Chiou 2007: 269). And they did that not only through the voice of the scholars, but also by inviting the local Muslim leaders to conduct tours to China, with the aim to visit Cheng Ho's home village and see the tombs of his ancestors. As I will show in the next section of this article, this "tourism" activity has a significant impact on the way the indigenous Muslim leaders view the ethnic Chinese.

A Different Way of Seeing the Chinese: Perception, Attitude, and Interaction

In the previous sections, we have discussed several developments that have occurred in Indonesia since the end of the New Order period. The presence of the above developments has provided spaces for the so called Indigenous Indonesians to reconstruct their understanding about the Chinese Indonesians. What kind of understanding has been resulted from this reconstructing process? How has this new understanding led to a new attitude toward the Chinese Indonesians? This section will attempt to explore these two interrelated question. It will attempt to show how a changing perception of the ethnic Chinese, combined with a better attitude toward them, have begun to take place amid the recent developments that we have discussed earlier.

One of the today's perception of the Chinese that deserves our attention is the one that emphasizes these people's "Indonesianess". To get a picture of such perception, let me present the view expressed by Arifudin (Pseudonym), a young Muslim activist affiliated with NU. During an interview in Surabaya, he told me,

I have a friend from Sambas, where the violent conflict between the Madurese and the Dayak broke. I asked him, 'where were you born', and he replied, 'Though I am a Madurese, I was born in Sambas and never knew about Madura'. But because of the conflict, he had to be relocated to Madura. However, for him, Madura is a foreign place. With this story in mind, I asked Mr. Hadi (pseudonym), a Chinese Indonesian businessman and community leader in Tulungagung (a city in East Java), 'Pak Hadi, were you born in China?' and he answered, 'no, *Mas* Arifudin, I was born and grew up in Indonesia'. What does it mean? It means that if a child is born in Indonesia, his blood is Indonesian blood, his spirit is Indonesian spirit. Mr. Hadi then went on, 'my ancestor was from China, but I grew up in Indonesia, I eat in Indonesia, I do business in Indonesia, but I was told that I am a Chinese (from China), some times I feel sad, *Mas*'. I understand his feeling. This is why we conducted a series of discussions with Chinese Indonesians from that town. Until today, I still communicate with them. (Arifudin, Surabaya, 4 June 2009).

Arifudin's statement illustrates how a perception that stresses the "Indonesianess" of the Chinese may be found among Indonesians of other ethnic background. As we have found, Arifudin regarded his Chinese friend as having "the Indonesian blood" and "Indonesian spirit". This perception is in contrast with the previous perception that regards the Chinese as peoples who remain loyal to their 'ancestor country'. From the above statement, we also learn that the presence of such perception is among others a result of mutual communications and interactions between

them, which according to Arifudin were intensive enough. Consider his following statement:

We were frequently invited to their wedding receptions, such as the wedding party of Mr. Hadi's son. And when we organized any event, we also invited Mr. Hadi to our event. ... We are very close that Mr. Hadi frequently visited us in our place while we in return often visited Mr. Hadi and his colleagues. And when the PKB (Partai Kebangkitan Bangsa/the National Revival Party) was established, some of the Chinese Indonesians were among the committee. (Interview with Arifudin, Surabaya, 4 June 2009)

It is also worth noting that such closeness was also a result of the example set by the Muslim leaders in those days, particularly those who have supported multiculturalism. For Arifudin and many other NU members, the late President Abdurrahman Wahid has been a very influential role model. This is observable from Arifudin's following explanation:

at that time, the chairman of the NU was KH Abdurrahman Wahid. He was so close with the *Tionghoa* (the Chinese). This inspired all of the NU's members and activities, including the activists of the PMII (Pergerakan Mahasiswa Islam Indonesia/the Indonesian Islamic Student Movement). As a result, we too became so close with the Chinese. We frequently went out together. (Interview with Arifudin, Surabaya 4 June 2009)

Another perception which is worth noting is related to the Chinese "work ethic and values". As Hoon (2006: 261) pointed out, in the view of his informants, the Chinese are possessing high work drive, and strong determination. They are also thrifty, industrious, hardworking, discipline, and so on. For Hoon, such view is an evidence of the presence of 'positive stereotypes' of the Chinese among Indonesians (Hoon 2006:261). Indeed, these 'positive stereotypes' were also present among Indonesians whom I interviewed. Furthermore, these 'positive stereotypes' are now combined with positive attitudes, such as, a willingness to learn from the Chinese.

The view presented to me by a young Muslim Indonesian businessman in Jakarta provides us with an example of the existence of the above attitude. While explaining about his background, he said,

We are beginner in business ... we learned from nothing, and we actually learned from the Chinese. I have a Chinese neighbor with whom I frequently talked. I often asked them 'how to do this and that', and they shared their knowledge (of business) with us. (Interview with Mr Asdwin, Jakarta 10 October 2009)

After making the above statement, Asdwin criticized the hostile attitude toward the Chinese which was considerably rampant in Indonesia in the past. This criticism was combined with an appreciation of the business skills of Chinese Indonesians. He opined

I often ask this question to my friends, ‘why are we hostile to them?’. Is this because they are successful? This is really odd isn’t it? We treat them with hostility due to their success, while their success is actually a result of intense effort to survive in a country where it was impossible for them to become bureaucrats. They had no other choice but to do business from zero. And the competition was often so fierce even among the Chinese themselves. But they have been very disciplined and they know how to be economical [*hemat*]. (Interview with Asdwin, Jakarta 10 October 2009)

Mr. Asdwin’s point of view is an example of an Indigenous Indonesian new way of perceiving the success of the Chinese Indonesians. As we have observed, he used the word “*hemat*” (economical), instead of “*kikir*” or “*pelit*” (stingy), to explain the Chinese tendency to refrain from spending their money. Furthermore, in his previous statement, he also admitted that the Chinese were willing to share their knowledge with a non-Chinese Indonesian like him. For him at least, the Chinese are not as exclusive as they were thought of in the past.

The presence of a better perception of Chinese Indonesians was observable in Indonesian society that Indonesian scholars and academics pay attention to this phenomenon as well. Professor Hanafi (pseudonym), a Surabaya based Muslim leader and scholar, is an example of those scholars. In an interview conducted in Surabaya, Prof Hanafi revealed,

It is true that there is a good development regarding the image of the Chinese among Indonesians, particularly among the Indonesian Muslims. Negative stereotypes, prejudices, and discrimination have begun to be declining. Indications of this are many. A more harmonious relationship between the (non-Chinese) Indonesian communities and their Chinese counterparts has emerged, social relation between them, particularly in the kampungs, is now better. In the past the Chinese were more closed (*tertutup*), may be because they were not fully accepted; on the other hand, the Javanese thought that the Chinese were exclusive and did not want to socialize. (Interview with Prof Hanafi, Surabaya, September 2008)

In the view of Prof. Hanafi, the emergence of a better image of the Chinese is not only a result of the democratization process that has taken place since the beginning

of the Post New Order era. Activities conducted by the PITI and by some groups of Chinese entrepreneurs have also significantly contributed to that change of image. For instance, as already mentioned in the previous section, Chinese Muslims in Surabaya had collaborated with the Chinese big entrepreneurs to organize a tour for the East Java's Muslim leaders to visit China. As a result of this activity, these Muslim leaders might gain a better knowledge of Muslim Chinese in China, and hence, began to empathize with China and the Chinese. Professo Hanafi also said that he highly appreciated the efforts conducted by PITI, INTI (the Chinese Indonesian Association), and other Chinese Indonesian organizations to develop what he said as 'an intensive communication with the Muslim mass organizations'.

The above stories have shown that a changing perception of the Chinese Indonesians has taken place, at least among some Indonesians. This change of perception has led to a different attitude toward the Chinese Indonesians. Indonesian willingness to welcome Chinese Indonesian politicians in Indonesian politics is an evidence of the presence of such attitude. Today, more Indonesians, especially those who live in metropolitan city like Jakarta, are even willing to accept Chinese Indonesians as one of their leaders. The decision made by more than 50 percent of Jakartans to give their vote to Joko Widodo and Basuki Tjahaja Purnama during the 2012 gubernatorial election is a good example of this. They preferred this pair as their governor and vice governor despite their knowledge that Basuki Tjahaja Purnama (popularly known as Ahok) is a Chinese Indonesian.

Remnants of the Past

In the previous sections, we have seen how as a result of several developments that have taken place in Indonesia after the demise of the New Order regime, a better perception of Chinese Indonesians, combined with a positive attitudes toward them have begun to emerge in Indonesian society. However, the picture presented in the above sections should not lead us to believe that the negative perception and attitudes toward the Chinese have been totally gone. On the contrary, negative perception of the Chinese still exists, though not as open as during the New Order period.

A forum of discussion that took place in Jakarta in November 2012 may become an example of the presence of that negative perception even today. In that forum, a speaker expressed his suspicion against the Chinese. For him, a Chinese Indonesian usually has at least two faces. While they are trying to show their loyalty to the Indonesian state, they actually still retain their ties with their ancestor country. Most of the participants of the forum agreed with the speaker's view. Among those who raised their voices during the session of discussion, only several people expressed a sympathetic view of the Chinese.

Negative attitudes toward the Chinese are also still apparent in public today. But unlike in the past, one may receive criticism for showing his allegedly negative

attitudes toward Chinese Indonesians. For instance, during a debate between Jakarta's governor and vice governor candidate in 2012, Nachrowi Ramli, a vice governor candidate who ran in pair with the then governor, Fauzi Bowo, greeted Basuki Tjahaja Purnama with the word 'Haiya' (an Indonesian version of Chinese acclamation 'aiya'). Many Indonesians regarded this greeting as an expression of negative attitude toward the Chinese. As a result, Ramli received a lot of criticism. According to some Indonesian political analysts, this greeting became one of the factors that had brought the voters away from him and his running mate (Kompas 20 September 2012, Merdeka.com 21 September 2012).

Conclusion

This article has attempted to address the changing perception and attitudes toward Chinese Indonesians in the post-New Order period. It has discussed the way in which several developments that have taken place after the demise of the New Order regime have contributed to the emergence of a better perception of the Chinese among the non-Chinese Indonesians. These developments are, among others, the emergence of antiracist discourse and the discourse on multiculturalism, the emergence of a discourse on Islam that re-emphasizes the idea of Islam as the blessing for all, and the tendency among Chinese Indonesians themselves to conduct social, political, and religious activities that may improve their image.

Alongside the emergence of the above phenomena, a changing perception of the Chinese Indonesians is also taking place. The new perception put an emphasis on the Indonesianess of the Chinese Indonesians. The Chinese are also appreciated as peoples who are economically smart but willing to share their business knowledge and skills. Furthermore, a better attitude toward the Chinese has taken place as well. Likewise, intensive interactions between the Chinese Indonesians and people with other ethnic backgrounds have also developed. However, it does not mean that negative attitudes toward the Chinese have been completely absent in Indonesian society. On the contrary, the remnant of the previous image of Chinese Indonesians, combined with negative attitudes toward them can still be found even in a big city like Jakarta. This fact should not be ignored if Indonesians wish to develop a better mutual understanding between Chinese Indonesians and other ethnic groups in Indonesian society.

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MINISTERS, DISASTERS, TWITTER, AND VOLUNTEERISM

Usep Suhud

Faculty of Economics
Universitas Negeri Jakarta, Indonesia
School of Marketing, Tourism, and Leisure
Edith Cowan University, Western Australia, Australia

Abstract

In October 2010 a series of natural disasters struck Indonesia: 4 October – flood and landslide in West Papua; 25 October – earth quake and tsunami in West Sumatra; and 26 October – volcano eruption in Yogyakarta. News of the disasters spread rapidly, not only through mass media but also, more interestingly, through cyberspace via social media networks like Twitter. Twitter was used not just by the general population, but also by ministers of the Republic of Indonesia. Four ministers of the 2009 – 2014 cabinet were known to be tweeting to discuss the disasters. This study aims to understand the ministers' messages and their purposes. Data were collected from 4 October to 30 November 2010 from the ministers' Twitter accounts. By using content analysis, this study classified the ministers' tweets into the following classifications: (1) the category of the messages (victims, disaster management, aid, volunteers and volunteerism, constraints, alert, and politics; (2) the purposes of the messages (dissemination, promotion and mobilisation, moderating polemics, supporting the victims and direct volunteers, and demonstrating action; and (3) a typology of disaster volunteering. Volunteering needs public figures, in this case the ministers, to attract participants. The outcome of this study will encourage the employment of cyber social media networks to be used wisely to support voluntary social activism campaigns.

Keywords: minister, disaster, Twitter, volunteerism, content analysis

Introduction

In 2010 a series of natural disasters hit Indonesia: 4 October – flash flood and land slide in Wasior, West Papua Province; 25 October – earth quake and tsunami in Mentawai Islands, West Sumatra Province; and 26 October – volcano eruption in Yogyakarta Province. As Indonesia lies on the world's 'ring of fire' and on the convergence of three tectonic faults (the Eurasian, Pacific, and Indo-Australian), natural disasters frequently occur in some parts of this archipelago and are caused by *subduction* of the shaking faults. The Indonesian legislation on disaster management, Act No. 24/2007, defines disaster as an "event or series of events that threaten and disrupt the lives and livelihoods which are caused by natural and/or non-natural factors and human factors that lead to the emergence of human casualties, environmental damage, loss of property, and psychological impact". This includes earthquakes,

tsunamis, eruption, landslides, floods, droughts, hurricanes, tidal waves, technology failure, fire, terrorism, and riots.

Four ministers of the 2009 – 2014 cabinet, Hatta Rajasa (the Coordinating Minister of Economic Affairs), Linda A.S. Gumelar (the Minister of Women's Empowerment and Child Protection), Tifatul Sembiring (the Minister of Communication and Information Technology), and Zulkifli Hasan (the Minister of Forestry), have been identified tweeting. Some of them broadcast messages (tweets) with various topics regularly, while others do so occasionally. When natural disasters occurred in Indonesia, the ministers discussed the issue on Twitter.

A number of authors have undertaken studies on Twitter. Jansen, Zhangm Sobel, and Chowdury (2009) looked at the role of Twitter as an electronic version of 'word of mouth' communication; Cheong and Lee (2010) found Twitter effective in decreasing the energy consumption in several states in Australia during the Earth Hour 2009 campaign; Grosbeck and Holotescu (2008) demonstrated the use of Twitter for educational activities; Oreskovic (2011), Mainwaring (2011), and Klarevas (2011) explained the role of Twitter in the Egyptian revolution.

The objective of this study is to understand the messages broadcast by the ministers through their Twitter accounts during the 2010 disasters in Indonesia.

Methodology

This study was conducted by using the classical communication process model (Figure 1), established by Braddock in 1958 (McQuail & Windahl, 1993). Ministers acted as the senders delivering the messages through their Twitter accounts. Content analysis was used in this study to identify the message classification ("Say What?") and its purposes ("For What Purposes?").

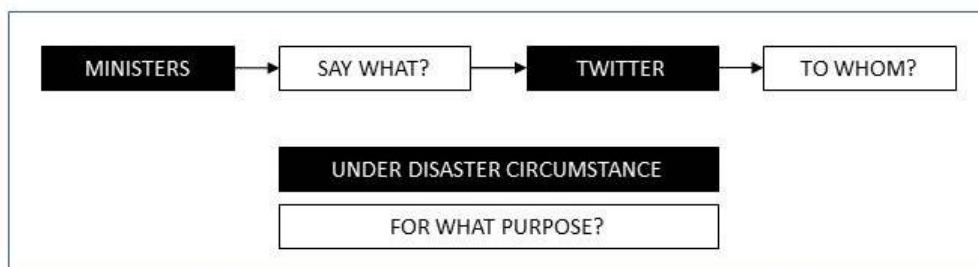


Figure 1 - Braddock's (1958) model of communication process to elucidate the ministers' communication processes on Twitter

Data covering the period from 4 October to 30 November 2010 were retrieved on 6 December 2010 from the Twitter accounts of the four ministers noted above.

November was included as there were relevant topics discussed during this months related to the disasters.

Table 1 - The Twitter accounts of the four ministers

| The ministers | Date commencing | Frequency up to 6 Dec 2010 | Frequency number of tweeting per day | Following | Followers | Tweets related to disasters from 4 Oct to 30 Nov 2010 |
|-----------------|-----------------|----------------------------|--------------------------------------|-----------|-----------|---|
| Gumelar, L.A.S. | 22 Nov 2009 | 1,123 | 3,0 | 186 | 14,137 | 7 |
| Hasan, Z. | 6 Sep 2010 | 116 | 0,9 | 33 | 1,342 | 6 |
| Rajasa, H. | 17 Jun 2010 | 543 | 2,7 | 42 | 16,031 | 18 |
| Sembiring, T. | 20 Oct 2009 | 8,038 | 18,0 | 1,770 | 121,586 | 163 |

Sembiring was the minister who tweeted most frequently during and post disasters (163 tweets) followed by Rajasa (18 tweets), Gumelar (7 tweets), and Hasan (6 tweets).

Ministers on Twitter

The ministers' motivations, intentions, and reasons for communicating on Twitter may be different to those of other Twitter account holders in general. Morris (2010) stated that a professional has both professional and personal reasons to use Twitter. They believe that Twitter may connect them and improve their communication skills. Lenhart and Fox (2009) contended that people used Twitter to help with organising and disseminating information, making complaint against companies, sharing ideas, and forwarding interesting materials, documenting events, conversing, and flirting. Java et al. (2007) found that the main intentions of people using Twitter are to engage in daily chatting and conversations, share information, and report news.

The ministers' actions affected the public due to their complex roles as individuals, government representatives, public figures, and opinion leaders. Some are recorded to still be occupying strategic positions in their political parties: Hatta Rajasa is known as the President of the PAN (National Mandate Party) and Tifatul Sembiring is the former president of the PKS (Prosperous Justice Party). Their employment of Twitter might possibly be inspired by Barrack Obama who demonstrated the power of cyber social media networks in winning the 2008 USA presidential election (Condon, 2008; Reisinger, 2009).

Using the content analysis method, the ministers' tweets can be categorised into the following: tweet classification, tweet purposes, and the typology of disaster volunteering.

1.1. Tweets classification

The tweet classification is based on defining the information given in the message into the following: type of victims, disaster management, aid, constraints, alert, and politics:

A. Type of victims

The following tweets indicated types of victims. The ministers broadcast information about the victims of disasters, which covered people, livestock, and residential areas (villages). Sembiring mentioned:

Info about the handling of the disaster Wasior, follow RT @AndiAriefNew: Those who died increased to 87 people #savewasior.” (7/10)

Update Mentawai: BPBD¹ of West Sumatra at 18.00: 450 people are dead, 96 people are missing, 271 people have serious injuries, and 142 people have minor injuries. The amount of refugees: 14.983 people. (31/10)

Lice, the Mentawai kid, in the middle of the missing village. Three of her relatives were dead by the tsunami: <http://plixi.com/p/55702722>. (8/11)

Further, Rajasa claimed that:

Government decided to purchase the livestock of the dangerous areas so that people will not risk their lives to save them. (6/11)

B. Disaster management

The following tweets indicated that disaster management became one of Rajasa’s concerns. He stated the peak organisation to be responsible in handling the effects of disasters:

A single well instruction is needed to manage the area impacted by disasters to provide good services for the victim. (6/11)

Starting today, the Merapi disaster management is held by the head of BNPB² and assisted by the Governor of Yogyakarta, the Governor Central Java, the Commander of Military Area and the Regional Police Chief. (6/11)

Volunteers may coordinate with the National Agency for disasters at their post points. (6/11)

¹ Regional Disaster Agency (BPPD)

² National Board for Disaster Management (BNBP)

C. Aid

The following tweets indicated types of aids received by the victims. Natural disasters generally elicit attention from other people, organisations and foreign countries who contribute aid to the victims in many ways and which can be classified into local and foreign aid. Transport, food and clothing, money, and satellite telephone all constitute local aid.

(1) Transport

Rajasa's tweets showed concern about lack of transport:

*Sir, @hattarajasa? RT" @venturaE: While people experience difficulties finding *vehicles*, is it possible to use the local government staff's cars? (6/11)*

(2) Food and clothing

Through the tweets of Sembiring, food and clothing aid can be identified:

RT @PKSejahtera³: Between: <http://ht.ly/35uZ9> Menkominfo: Distribute some amount of animal offerings' meats, for the refugees. (7/11)

RT @palangmerah: Clothes should be classified, do not mix clothes for adult/children/women, etc. to speed up the distribution. (12/11)

Sembiring also tweeted on related topics to food and clothes:

RT @bayugawtama: Important! In demand, milk or food for pregnant and lactating women in refugee # Merapi. (12/11)

RT @SaveMentawai: Mentawai: kitchen utensils, clothes, blankets, and fabrics for the shelter are definitely needed beside the staple food. (12/11)

RT @jalinmerapi: # SUPPLY RT @satemendho POSKO GOR UNY⁴ over stocks: proper clothing, diapers, and sanitary napkins. Call 085643120641 (Uki) # thanks. (12/11)

(3) Money

Donation of money came from the public through TV stations and cellular provider companies that promoted this type of voluntary aid and organised for money to be transferred via certain appointed bank accounts. Sembiring (8/11) handed IDR 2 billion (approximately USD 231,134) in donations to the Mentawai local government.

³ Prosperous Justice Party (PKS)

⁴ The Commando Post at the Sport Hall of Yogyakarta State University (POSKO GOR UNY)

(4) Satellite telephone.

Sembiring tweeted:

Update Mentawai: 37 units of satellite mobile are handed to the subdistrict head (Camat) and related agencies. Not all parts of Mentawai have landline and mobile facilities. (8/11)

From the ministers' tweets, foreign aids can also be identified, for example: Rajasa tweeted:

There are 75000 pieces of blanket from Japan ready to be sent! How is the procedure, Sir @hattarajasa? Is there any import tax? Please advise us. #merapi.” (6/11)

Humanity aids from foreign countries have been coordinated. They don't have to pay the import tax. (7/11)

D. Volunteer and volunteerism

The ministers interacted with the volunteers and people who were involved in volunteering.

(1) Volunteers

Sembiring interacted with the volunteers, congratulating them:

Thanking you, also to all other volunteers RT @ ahyudinact: Sir, thank God the ACT⁵ team was in the Mentawain region in the early stages. Please continue to follow @ actforhumanity. (31/10)

@RobbieOmerte Amen. We pray for them, Robbie. Definitely, they are the Heroes of humanity.” (8/11)

(2) Volunteering

Giving donations is considered to be volunteering (Leeman, n.d.). Sembiring gathered information about parties that were involved in money donation collection:

Does anyone know the bank accounts of @palangmerah & other social institutions to help our brothers in #Wasior? Hopefully it [the donations transferred to those bank accounts] can help the victims. (7/10)

RT @actforhumanity: Please address RT donations #Wasior to: Mandiri 1010004802482, BCA 6700303133, CIMB Niaga 0800100984009 o/b AksiCepatTanggap. (7/10)

⁵ ACT=Aksi Cepat Tanggap, a non-profit organisation

E. Constraints

The ministers's tweets showed that some constraints existed during the process of rescuing and evacuating the victims, distributing aid, and facilitating all forms of help. The constraints can be classified as direct constraints and indirect constraints.

(1) Direct constraints

Direct constraints include telecommunication infrastructure, communication, lights, energy supply, weather, and anti-social behaviour.

a) Telecommunication infrastructure

A base transceiver station (BTS) is an infrastructure for telecommunications. The tsunami waves of October 2010 crashed onto many of these stations, causing them to collapse. Sembiring tweeted the following:

@isari68: Few mobile provider facilities have been repaired. Several BTSs have already fallen down 2 days before the tsunami... step by step. (2/11)

Update Mentawai: Upgrading the BTS (adding to its capacity) at the Sikakap site. There was damage to a TRX (transmission) module. It has been replaced. (2/11)

b) Communication

Besides the infrastructure, another concern was making communication a priority. As Sembiring is the Minister of Communications and Information Technology, he was concerned with the contributions of the telecommunications private companies. Additionally, he paid attention to the role of the amateur radio. Below are examples of tweets, produced by Sembiring:

Related to Merapi disaster communication: since last night, mobile operators (Telkom, Telkomsel, XL, and Indosat) have headed to Sleman and Magelang (6/11).

Here I am saying things about the frequency interference of the Merapi volunteers and around. Basically the frequency of 149 070 MHz was recognised by the public (6/11).

When searching for information, concurrently people called the post [information centre] and this caused a busy line. As a result, the line did not working properly. (6/11)

As a result of works of the volunteers of RAPI⁶, ORARI⁷, NGOs, radio communities, APJII⁸, Air Putih Foundation, etc, this evening, it's [the frequency] been [cleaned] monitored, no more jamming. (6/11)

c) Lights

Lightings may also be an issue following a disaster. Sembiring said:

RT @actforhumanity: No lights for the refugees in Bandongan village about ten days. Can anyone help? (12/11)

d) Weather

Bad weather caused the late repairment of the telecommunications infrastructure and energy supply, as tweeted by Sembiring:

Fastel [telecommunication facilities] Mentawai Update: Only Telkom & Telkomsel⁹ services are working. Two of five of the BTSs, owned by Telkomsel, have been working since the tsunami, while three are off due to the energy supply. (26/11)

Update Mentawai: the dispatchment of two sets of USOs¹⁰ by a speedboat to Sipora (Simalokopak and Singamanyak villages) is delayed due to the weather conditions. (2/11)

e) Anti-social behaviour

Anti-social behaviour includes jamming the radio frequency and stealing the early tsunami warning system. According to Sembiring:

@vickyhahaha: The dilemma is that the early warning system on the seas has been stolen. FP Palapa cable ring has been cut because it is assumed to be metal. (30/10)

While in relation to the saboteurs, this minister explained:

Jamming mostly occurs at nights. So it's difficult to trace due to the dangerous field conditions. (6/11)

@adityoy: Our frequency monitoring team has worked before the Merapi eruption. Indeed they were on duty there as parts of the staff of the Ministry of Communication and Information Technology. (7/11)

⁶ Indonesia Radio Inter-Population (RAPI)

⁷ Indonesian Amateur Radio Organisation (ORARI)

⁸ Association of Indonesian Internet Service Providers (APJII)

⁹ Telkom and Telkomsel: Telecommunication companies

¹⁰ Universal Service Obligation (USO)

(2) Indirect constraints

Polemics, considered as indirect constraints, occurred during the disaster impact handling – for instance, the forecast of the possibility of the next earthquake in Yogyakarta and the departure of the Governor of West Sumatra who left for Germany. These controversial actions invited negative reactions and comments from the public.

a) Forecast of next earthquake

Days after the eruption, a TV program aired a prediction of a huge disaster would occur again in Yogyakarta in the near future; even the program's host described the city as "a city of doom" (Brata, 2010). This issue aired on cyber social media networks and dominated all the conversations. Sembiring showed his concern:

BMKG¹¹ advised people not to believe and not to participate in spread the message on the earthquake prediction via sms etc. It is disturbing. The issue is not true and is misleading. (7/11)

RT @kemkominfo: Release BMKG (The Meteorology, Climatology, and Geophysics Agency) <http://ht.ly/35B31> THE SMS OF EARTHQUAKE DATED 8-11 NOVEMBER 2010 IS UNTRUE. (7/11)

Then he hoped:

@sufehmi @slaksmi: Thanks for sharing the info. Hopefully the "prediction" never happens. Regards. (23/11)

b) Governor of West Sumatra departed for overseas

While the West Sumatra people were suffering following the tsunami disaster, the Governor of this province travelled to Germany. Criticism conveyed by the press and public through social media networks, said that the governor was not sensitive to what was happening (Widhi K, 2010). As Sembiring and the Governor of West Sumatra come from the same political party, Sembiring took part in the discussion moderating the issue:

The Governor of West Sumatra's visit was not for leisure, but to talk to investors in Germany for West Sumatran development, including for Mentawai rehabilitation. (4/11)

c) Disaster is a punishment from Allah

Controversial tweets were made, including one by Sembiring saying that the disasters were God's punishment (Anugrah, 2010; Timur, 2010). After receiving criticism from the press and public via social media networks, he

¹¹ The Meteorology, Climatology, and Geophysics Agency (BMKG)

deleted that tweet. However, he responded to his followers who asked about this issue:

Calm down, I had no intention of blaming the victims – from the very beginning. When the disaster occurred, the innocent people could also be the victims. Let's us pray for the victims. (26/10)

He modified his statement:

@sigit_kurniawan: Listen, Mas¹² Sigit, I tweeted, 'Sin and immorality could cause Allah's anger and punishment', regardless of the current disaster. (3/11)

@sigit_kurniawan: Some said in conversation that the current disaster occurred due to sins of the residents. Are the babies sinners? Etc. (3/11)

F. Alerts

Considering the danger of uncovers dead bodies, Sembiring retweeted:

RT @aryobil: @tifsembiring: Please maximase the body bags for the body remains. Many bodies are still at the dock. It's dangerous. (7/10)

G. Politics

The ministers explicitly demonstrated their role as the party politicians:

Since the beginning of the disaster, PAN has been in the front line with the victims led by the head of local branches. (Rajasa, 6/11)

RT @PKSejahtera: Between: <http://ht.ly/35uZ9> Menkominfo: Distribute large amounts of meat for the refugees. (Sembiring, 7/11)

From the ministers' Twitter accounts, we can also see the purposes of each tweet, for: disseminating on the events, impacts, and management; promoting and mobilising people to be involved in volunteerism; moderating the polemics; giving instruction; warning; supporting the victims and direct volunteers; and showing action.

1.2. Tweets purposes

By observing each tweet broadcast by the ministers, we can identify their purposes, for instance, disseminating information, promoting and mobilising people to be involved in volunteering, moderating the polemics, giving instructions, warning, supporting the victims and directing volunteers, and showing action.

¹² Mas = a way to call a man politely in Java culture

A. Disseminating information on the events, impacts, and management

During October 2010, Sembiring's attention was given to announcing and disseminating information about:

- Bank accounts for money donations, encouraging people to become engaged:
RT @actforhumanity: Help the disaster victims via bank account no. MANDIRI # 101 000 563 4264, BCA 6760302021, BSM # 101 000 5557 on behalf of Aksi Cepat Tanggap (ACT). (26/10)
- Telecommunication facilities:
POSKO Telkom Sikakap 0759-322000, 322200, tsunami site Kec.Malakopak & Dusun Muntei hasn't been reached by the telecommunication facilities. Siberut 0759-21000, 35500. (27/10)
- The blood stocks:
RT @palangmerah: update #merapi 22:50 WIB: blood stock at PMI¹³ in Magelang remains 75, in Magelang remains 450, in Boyolali remains 20 bags. (27/10)

In November 2010, his focus changed to:

- Rules and regulations:
Vivanews: <http://ow.ly/33x2J>: The Ministry of Telecommunications and Informatics revised the draft of telecommunication and information regulation to include disaster clauses @tifsembiring Sembiring. (3/11)
- Disaster impacts:
The impact of tsunami in Mentawai <http://plixi.com/p/55701973>.” (8/11)
- Information:
Update Merapi: Broadcast institutions in the areas, keep updating the useful information related to the disaster for the listeners. (7/11)
- Disaster education:
RT @kemkominfo: educating the society <http://ht.ly/37Y7r> the Ministry of Communication and Information Tecnology has produced a short movie of earthquake and tsunami anticipation cc: @tifsembiring. (11/11)

B. Promoting and mobilising people to be involved in volunteerism

Sembiring asked his followers:

Let us continue to pray for and help as much as we can disaster victims in the Mentawai, Merapi, Wasior & anywhere else. Continue to stay wise. (26/10)

¹³ Indonesia Red Cross (PMI)

Friends, those who want to ease the burden of our brothers in the Mentawai Islands and surrounds, may contact, for example @palangmerah, @actforhumanity. (26/10)

C. Moderating the polemics

The ministers attempted to moderate the polemical discussions that occurred:

- 1) There was a suspicion that the flash flood and landslide in Wasior was caused by deforestation (Alihar, 2010). Responding to a follower, Zulkifli (9/10) stated that the disaster was caused by high rainfall. According to him, Wasior is a conservation area and along the coast is a limited-production forest.

Irwan Prayitno, the Governor of West Sumatra, went to Germany days after the earthquake and the tsunami in the Mentawai islands, leaving people hungry in an isolated place (Hidayat, 2010; Khaerudin, 2010). Sembiring helped explain that the government went abroad to see investors and raise funds for the Mentawai recovery. Besides, the victims were sustained by a sufficient food supply. In response to a follower, Sembiring argued:

@siapselem: why should a good man be fired? He went to Germany to raise funds to rehabilitate Mentawai. (9/11)

However, Sembiring admitted that the timing of leaving the country was not right. He also suggested that people, follow Irwan Prayitno's Twitter account to obtain some up-to-date information directly from the Governor:

For [getting] clearer [and] better [information about] West Sumatra [disaster], please follow @irwanprayitno to interact directly. All ♥ West Sumatra ☺. (4/11, 8/11)

D. Giving instruction

As the responsible minister, Sembiring directed his staff. In one day, 26 October, he produced three tweets indicating his position as a minister. He said:

Keep instructing and coordinating all staff of the Ministry of Communication and Information Technology in the disaster areas. (26/10)

Keep instructing the staff of the Ministry of Communication and Information Technology to help provide proper communication in disaster sites. this will be updated while coordinating. (26/10)

Let's ease the burden of our affected brothers. I instruct the staff of the Ministry of Communication and Information Technology to optimise helping. (26/10)

E. Warning

Warnings of the danger of uncovered dead bodies were retweeted by Sembiring:

RT @aryobil: @tifsembiring: Please maximise the body bags for the body remains. There are still many at the dock without them. It's dangerous. (7/11)

Another warning was to the jammers for their anti-social behaviour:

RT @kemkominfo: <http://ht.ly/35E8L> We keep chasing the jammers. The Ministry of Communication and Information Technology will not compromise with anyone who is involved in jamming. They will be arrested. (7/11)

F. Supporting the victims and direct volunteers

Gumelar tweeted her sympathy:

My condolences and sympathy to the victims of the flash flood in Wasior, Merapi eruption, and tsunami in Mentawai. (27/10)

G. Showing action

The ministers' actions related to disasters can be classified into planning, visitating, giving aid, and performing actions related to their job descriptions.

(1) Planning

Audiences of the ministers' Twitter accounts may notice the urgency of their plan to visit the impacted areas, for example:

Update Mentawai: Preparing to visit Mentawai, cloudy in Padang, hopefully the weather is fine. We are going to check the telecommunication facilities condition in Mentawai. (Sembiring, 8/11)

I will go to Semarang this afternoon. Tomorrow morning, I will visit and hand over aid to the Merapi eruption victims. (Gumelar, 14/11)

Even @sandrina_s. Of course, brothers. On God's will I will go to Mentawai. Thanks for the info. (Hasan, 20/11)

(2) Visiting

The four ministers took action visiting the disaster-impacted areas and the victims, for example:

@surssur: We stayed overnight at Magelang basecamp. If the Directorate of Volcanology [and Geological Hazard Mitigation] permits us, tomorrow we will stay overnight at Yogyakarta basecamp. (Rajasa, 6/11)

RT @salimafillah: http://yfrog.com/g1vjti @tifsembiring & @irwanprayitno Walking about 3 kilometres in the Munai village, South Pagai island, Mentawai, Monday, 8/11.” (Sembiring, 8/11)

(3) Giving aid

A minister can represent government to lead a ceremonial event, for example for giving aids to the victims. Gumelar (7/11) reported that she had dispatched the aid.

(4) Action related to ministers’ job descriptions

As a minister, Sembiring has a responsibility for all forms of communication and telecommunication to support the disaster handling management, for example, via community radios. On this subject, he tweeted:

Update Merapi: the condition of the broadcast institutions in Yogyakarta and Magelang (Central Java) are working as usual, including the community radio stations, both owned by pesantren (Islamic boarding schools) or other communities. (7/11)

Sembiring showed his efforts in repairing the telecommunication facilities:

On God’s will, mas Nukman. This morning, I am heading to Padang (West Sumatra) and Mentawai to deliver some aids and test the telecommunication tool. (7/11)

Days later, Sembiring mentioned a tracing of jammers:

RT @feriandimirza: @kemkominfo @OrariJogja Since last Monday, our team have traced the jammers at the frequency 149.070.4. They were caught in Yogyakarta and Klaten. (12/11)

Other actions related to his job are to create an educational DVD and system to increase the awareness of disaster. (3/11)

1.3. Typology of disaster volunteering

Volunteering Australia (2009, p. 1) defined volunteering as: “An activity which takes place through not-for-profit organisations or projects and is undertaken to be of benefit to the community and the volunteer; of the volunteer’s own free will and without coercion; for no financial payment; and in designated volunteer positions only”. Even so, Leeman (n.d.) classified voluntary works that may be organised by organisations and individuals as informal volunteering, such as helping neighbours.

Parts of the ministers’ Twitter conversations concerning disasters have contributed to the development in this study of a typology of disaster volunteering. Five aspects of a typology of disaster volunteering were identified: domestic or international

volunteering, direct or indirect forms, formal or informal types, online volunteering, and mandatory volunteering.

A. Domestic or international volunteering

After the disasters occurred, volunteering in response to the disaster raised nationally and internationally. International volunteering is an international action by individuals or institutions (Devereux, 2008; Dolnicar & Randle, 2007).

B. Direct or indirect volunteering

The direct volunteering form consists of activities conducted by individuals or groups directly helping the victims by visiting the area impacted by the disasters and meeting the victims.

The indirect volunteering form consists of voluntary activities conducted by individuals or groups indirectly helping the victims without visiting the area impacted by the disasters or meeting the victims. For example, for various reasons, people could not visit the area impacted by the Merapi eruption. To be involved in helping the victims, they donated money through a profit or non-profit organisation or organised an event to gather donations.

C. Formal or informal volunteering type

Any voluntary work that is organised by organisations can be considered formal volunteering (Choi, Burr, Mutchler, & Caro, 2007; Reed & Selbee, 2000). This activity may not only be conducted by a volunteer organisation, but also by profit organisations, such as companies, other non-profit organisations like NGOs, government agencies, and educational institutions.

On the other hand, people may be unintentionally involved in volunteerism in their daily lives, such as through giving a helping hand to friends, neighbours or even strangers. In the volunteerism sector, this activity is considered to be informal volunteering. Ironmonger (2009, p. 5) defined informal volunteering as, "... regular, spontaneous, and sporadic help that takes place between friends and neighbours such as giving advice, looking after other people's children or helping an elderly person" and "It is not mediated through an organisation".

D. Online volunteering

Online volunteering (Cravens, 2000; Pena-Lopez, 2007) consists of all forms of activity related to the disaster that help the area impacted and the victims through online communication, for example, disseminating survival tips, spreading bank account numbers of volunteer organisations that organise money donations, or promoting charitable events to encourage people to donate.

Hollywood celebrities, such as the Jonas Brothers, Tom Cruise, and Justin Bieber, showed their concerns about the victims of the disasters by tweeting

their sympathy (Bev, 2010; Talarico, 2010). What they engaged in was “a very light online volunteering with a very low level of commitment” (Pena-Lopez, 2007, p. 4) however, due to their popularity, their tweets were quoted by press across the world and became articles raising awareness. Celebrities, ministers, and other public figures have the power to endorse and promote social activities: they have audiences to follow them and re-tweet (RT) their words, and press to broadcast to the entire world. According to Pena-Lopez (2007), the activity taken by the public figures and their followers is considered to be online advocacy and a type of online volunteering.

In general, people can be involved in volunteerism by using their Twitter accounts to disseminate bank account numbers of formal organisation for money donation, inspire and encourage people to be involved in any voluntary works, find skilled volunteers, support the victims and volunteers, and show sympathy.

E. Mandatory volunteering

Mandatory volunteering is about voluntary work undertaken by individuals based on a mandate (Stukas, Snyder, & Clary, 1999). For example, the Democrat Party and City Government of Central Kalimantan organised and mandated volunteers to Yogyakarta (Rahmatullah, 2010; Wardana, 2010).

Conclusion

By using content analysis, the four ministers of the 2009—2014 cabinet’s tweets relating to the disasters of the flood and landslide in Wasior, earthquake and tsunami in Mentawai, and volcano eruption in Yogyakarta were classified. The first classification is message categories: victims, disaster management, aid, volunteers and volunteerism, constraints, alerts, and politics.

The second classification is the purpose of the message: disseminating information, promoting and mobilising people to be involved in volunteerism, moderating polemics, providing motivations, warning, supporting the victims and direct volunteers, and showing action.

The third classification is typology of disaster volunteering. A conceptual account of typology of disaster volunteering is presented on this paper, consists of five elements: domestic/international volunteering, direct/indirect volunteering, formal/informal volunteering, online volunteering, and mandatory volunteering.

Further, in general, the ministers’ tweets can be grouped as follows:

- *Personal communication*: interacting individually with their followers;
- *Organisational communication*: speaking and acting on behalf of their organisations;
- *Marketing communication*: promoting and endorsing volunteerism.

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ETHICAL CONSUMERS IN A DEVELOPING COUNTRY: THE CASE OF INDONESIA

Denni Arli

Department of Marketing, Griffith Business School
Griffith University, Brisbane, Australia

Introduction

Research on ethical consumerism that have been conducted in developed countries suggest that consumers are becoming more ethically minded - a trend that is manifested in their shift toward purchasing ethical products. The increase in ethical concerns over the past few decades consequently attract the attention of managers and academics toward ethical consumption. However, little is known about ethical consumption in developing countries. This is problematic because these countries host the greatest share of the world's population, and offer most significant future growth prospects for international companies. In this study, we examine variables including perceptions, purchase intention and gender as derived from ethical studies conducted in developed countries, to determine their relevance in situations where consumers do not have abundant resources, and do not have equal gender-based rights such as Indonesia. The results reveal that social attributes are not the dominant factor in the decision making process of consumers in Indonesia. However, female group shows more preference toward ethical products. Increase

Literature review

Corporate Social Responsibility

CSR is defined by Kotler and Lee (2005: 3) as a “commitment to improve community well-being through discretionary business practices and contributions of corporate resources”. More explicitly, an umbrella of various ethical and socially responsible activities in a company, CSR refers to ...the simultaneous fulfilment of the firm's economic, legal, ethical and philanthropic responsibilities” (Carroll, 1991: 43). The widely accepted four tenets of CSR are prescribed by Carroll (1979) which suggest that the business' fundamental responsibility is economic – to make a profit and expand; the second is that a business has to obey the law and operate within the legal framework of society; the third is that a business has to respect the rights of others and meet the expectations applied by society to do what is right, just, and fair; and the fourth is that a business should contribute to and support the broader community and improve the quality of society (Bhattacharya and Sen, 2004; Carroll, 1995; Snider, Hill, and Martin, 2003). CSR is gaining increasing momentum in the marketplace (Elliot and Freeman, 2001; Oldenburg, 2001) and its market worth is reinforced by all *Fortune* 500

companies integrating ethical approaches into business practices (Hall, 2009). CSR and its related ethical marketing is referred to as possibly being one of marketing's most significant contributions to society (Varadarajan and Menon, 1988).

Ethical consumers, developing countries and gender

In responding to – and even demanding CSR activities from corporations, consumers can be categorised as ethical consumers (Auger et al., 2010). Such consumers make conscious and deliberate choices relating to consumption decisions due to personal moral beliefs (Crane, 2001). Commonly, ethical consumers purchase products that do not harm to the environment or society (Harper and Makatouni, 2002). Exercising this philosophy can be as simple as purchasing Oxfam products or as complex as boycotting goods consumption.

Existing studies of consumers in emerging economies suggest that consumers cannot afford to be socially conscious, especially when ethically labelled products are often more expensive than regular products (Auger et al., 2010). This is in contrast with consumers in the developed countries where consumers generally have more resources, there is greater availability of competing ethical products, and consumers are more able and willing to pay premium prices for the luxury of social consciousness (e.g., Auger et al, 2010; De Pelsmacker, Driesen and Rayd, 2005; Yates, 2011). A study in China shows that the attitude toward ethical beliefs between consumers in both developed and developing countries are often similar, however consumers in the developing countries with higher income are found to be more supportive toward ethical products compared to those with lower income (Siu, Hui and Lee, 2001). Moreover, consumers in developing countries are relying heavily on brand as a surrogate of quality which consequently putting social attributes less importance than brand image (Auger et al., 2010).

In addition to consumers being impacted by economic resources, studies suggest that female consumers are more favourably predisposed toward ethically oriented appeals than their males counterparts (Meyers-Levy, 1988). In line with this, gender has also been found to influence ethical behaviour toward donation and pro-social activities because females have a tendency to believe in the cause and form of delivery whereas male consumers often believe that the organisation is taking advantage of the consumer by exploiting the cause (Ross, Patterson and Stutts, 1992). Various studies have examined the gender differences in numerous dimensions such as leadership (Eagly and Johnson, 1990), ethical perception and behaviour (Thoma, 1986; Franke, Crown and Spake, 1997) and socialization (Becker, 1986). However, comparable analyses are not available on the effect of gender on perception and motivation toward CSR and ethical products in the developing countries. The role of gender in the decision making process is important as females in the developing countries are the decision makers in the household in the majority of purchases

(Raajpoot, Sharma and Chebat, 2007; Ramaun, 2011). Therefore, our research questions are: What are consumers' perceptions toward corporate social responsibility? Are there any differences between genders?

Background on Indonesia

Indonesia is ranked fourth as the most populous nation with 235 million people (Population Reference Bureau, 2010), yet there is little or no empirical research its ethical consumers. In terms of investigating ethical consumers, Indonesia presents two unique challenges; firstly, females in Indonesia remain acutely underrepresented in higher education, political decision making and higher echelons in the civil services (Robinson and Bessel, 2002). Secondly, compared to other developing nations, only a quarter of large Indonesian companies present themselves as having ethical policies (Chapple and Moon, 2005). Though many corporations in Indonesia profess to recognize the value of ethical responsibilities they continue to produce products that can cause immense destruction both locally and globally - and have no government intervention in sight (Kemp, 2001). Consequently, both the government and many corporations in Indonesia are negatively perceived by the Indonesian public. Finally, the majority of Indonesian people have a low income or salary in comparison to world averages – for example, in 2008, Indonesia's Annual Gross National Income (GNI) Purchasing Power Parity (PPP) Per Capita was US\$ 3,830 with 47.1% of the expenses going toward food and related purchases (Population Reference Bureau, 2010). Thus, spending extra money to support a CSR campaign would inherently be a difficult choice for the majority of consumers in Indonesia. Investigating Indonesian consumers' response to CSR efforts therefore, offers a unique contribution to current research on ethical consumers.

Research Methodology

The study consists of two main studies. The main purpose of separating this research into two studies are, in Study 1, we were focusing on consumer's perceptions and evaluation toward the company, while Study 2 was a follow up analysis, looking at consumer's motivation toward the products. We will then have a complete picture of consumers' perception and motivation toward: (1) companies' CSR; (2) ethical purchasing and; (3) the role of gender in product's consumption in Indonesia. The two studies are using two samples drawn from Indonesia – a developing and fourth most populous country in the world,

Study 1 was aimed at investigating consumer perceptions toward CSR. For study 1, we measured consumers' evaluation of CSR with a total of sixteen attributes consisting of four groups of social responsibility (i.e., economic, legal, ethical and philanthropic responsibility) (Carroll, 1979). The scale measure 1=strongly disagree to 5=strongly agree. In part B, we measured consumers' support of responsible business

practices. The original measurement scales by Maignan (2001) used a seven-point scale. However, in order to reduce confusion among respondents, we reduced the scale to a five-point scale (Lu and Liu, 2000). All the items employed were first translated into Indonesian and then back-translated into English.

Study 2 was aimed at further investigating attributes considered when purchasing CSR products and their motives toward CSR. The survey consisted four sections covering: (1) consumption behaviour; (2) awareness of and motivation towards purchasing CSR products in general; (3) consumers view of brands and (4) demographic.

Findings

Study 1:

The results from study one show that Indonesian consumers are able to regroup CSR according to their economic, legal, ethical and philanthropic nature. This finding is similar to Maignan (2001) study which reveal that consumers are aware of companies responsibilities. Moreover, we found there is significant difference between males and females on their rate toward economic responsibilities. Females ranked the different social responsibilities in the following decreasing order of importance: (1) philanthropic, (2) economic, (3) ethical, and (4) legal responsibilities. While males ranked the different social responsibilities in the following decreasing order of importance: (1) economic, (2) philanthropic, (3) ethical, and (4) legal (see Table 1)

Table 1. Importance attributed to corporate social responsibility

| | Mean (Female) | | | | Mean (Male) | | | | Sig |
|------------|---------------|-----|-------------|----------|-------------|-----|-------------|----------|-------------|
| | | | <i>S.D.</i> | <i>N</i> | | | <i>S.D.</i> | <i>N</i> | |
| PHI | 4.20 | (1) | .57716 | 357 | 4.18 | (2) | 0.53 | 82 | 0.78 |
| ECO | 4.16 | (2) | .56063 | 357 | 4.33 | (1) | 0.56 | 82 | 0.01 |
| ETH | 3.46 | (3) | .71450 | 357 | 3.51 | (3) | 0.78 | 82 | 0.86 |
| LEG | 1.90 | (4) | .90577 | 357 | 1.92 | (4) | 0.85 | 82 | 0.62 |

Note: Scale 1 – 5. 1=Strongly disagree; 5=Strongly agree

Study 2:

Study two reveals consumers in Indonesia put quality, price and brand as the most important attributes in their purchase decision. Moreover, we found no significant difference between males and females on their perception toward quality, price, brand, ingredients, packaging and convenience. Interestingly, on the attributes ‘when the product supports a charity’ and ‘what charity it support’, there are significant differences between males and females. The findings confirm other studies by Ross, Patterson and Stutts (1992). Females in both developing and developed countries are more favourable toward CSR (see Table 2)

Table 2. Attribute considered at purchase

| Attribute | Mean (Female) | Mean (Male) | F | Sig |
|-------------------------------|--------------------------|------------------------|----------|-------------|
| Quality | 4.41 | 4.42 | 0.45 | 0.83 |
| Price | 3.91 | 4.03 | 1.48 | 0.23 |
| Brand | 3.73 | 3.72 | 0.03 | 0.87 |
| Ingredients | 3.78 | 3.56 | 3.34 | 0.07 |
| Packaging | 3.13 | 3.16 | 0.56 | 0.81 |
| Convenience | 3.09 | 2.97 | 1.35 | 0.25 |
| What charity it supports | 2.85 | 2.63 | 3.96 | 0.05 |
| Whether it supports a charity | 2.87 | 2.55 | 9.55 | 0.00 |

Note: Scale 1 – 5. 1=Not considered at all; 5=Considered to a great extent

In regards to awareness and concern, the results show that females have higher awareness and concern compared to males especially on the issues on health (4.05 vs 3.80), climate change (3.99 vs 3.76) and environmental damage (3.96 vs 3.69) ($p < 0.05$) (see Table 3).

When considering the differences between genders, women in the developing countries showed higher score toward supporting ethical consumption. However, it seems that women's concern and awareness toward ethical consumption do not translate to purchase; especially when most women in Indonesia might not have extra money to be spent on ethical products which sometimes are more expensive than non-embedded CSR products and services.

Table 3. Awareness and Concern

| Awareness and Concern | Mean (Female) | Mean (Male) | F | Sig |
|------------------------------|--------------------------|------------------------|----------|-------------|
| Health | 4.05 | 3.80 | 6.19 | 0.01 |
| Climate change | 3.99 | 3.76 | 5.11 | 0.03 |
| Environmental damage | 3.96 | 3.69 | 6.59 | 0.01 |
| Animal cruelty | 3.67 | 3.54 | 1.43 | 0.23 |
| Localised problems | 3.32 | 3.35 | 0.09 | 0.76 |
| Problems in 3rd world | 2.82 | 2.79 | 0.11 | 0.75 |

Note: Scale 1=Not noticed this issues; 6=Concerned and taken major action

Discussion and Conclusions

The findings from this study provide a more complete description of consumer perceptions and motivations toward CSR in a developing country. Interesting, in regards to corporate social responsibility and ethical marketing, consumers in the developing country are very similar with most consumers in the develop country.

Consumers, wherever they are, are well informed about global social issues, thus expecting companies to take part in solving those problems. However, we found that males and females have differing perceptions toward CSR - economic responsibilities are of greater importance to the males and philanthropic responsibilities are more important for females. In a male dominating society, men are considered the primary income earner in a family, while women are not expected to generate additional income. As a consequence, women tend to work fewer hours and forego foremost concern over economic responsibility. Females are however the primary shopping decision makers for households, accounting for 74 percent of Indonesian shoppers (Ramaun, 2011).

Moreover, we found that quality, price and brand are the primary drivers for purchase decisions of everyday products for Indonesian consumers. This confirms that despite having limited spending power, Indonesian consumers remain quality and price conscious. Therefore, CSR cannot substitute price, product quality and brand image. Company should first focus on producing affordable product with good quality. Subsequently, CSR attribute may be added to add competitiveness to products while improving others in society. However, significant differences exist between female and male consumers in terms of their perceptions toward attributes of *which* cause is being supported and *whether* or not a cause is supported at all. Though both the mean values are low, women still show a more positive attitude toward CSR compared to men. This is consistent with our findings from Study two, where results show that females tend to have higher levels of awareness and concern toward various social issues (i.e., health, climate change and environmental damage) and are more likely to take action than males. These findings could have a significant managerial application, especially when a company plans to raise a particular social awareness. Therefore promoting a social value through product will be more effective if promoted toward women.

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DEVELOPMENT OF RENEWABLE ENERGY IN INDONESIA: CURRENT STATUS AND PROPOSED STRATEGY

Pranoto Effendi

Sekolah Bisnis dan Manajemen, Institut Teknologi Bandung, Indonesia
The Business School (Ballarat), Federation University, Australia

Abstract

This paper presents current developments of renewable energy in Indonesia. It suggests strategies for accelerating the development and use of renewable energy by concentrating on five areas i.e. cultivating macro environment conducive to renewable energy development, promoting continuous investment in infrastructure and complementary resources; formulating special policies and programs for renewable energy diffusion; implementing massive R&D and demonstration program to fully commercialise renewable technologies; and appointing a number of organisations to lead the sustainable energy transition. With persistence and commitment, these strategies will further the use and diffusion of renewable energy in Indonesia.

Introduction

The Global warning effect has pressured governments and businesses worldwide to reduce their carbon emissions, including Indonesia whose emission in 2005 was around 2.1 Giga tonnes of carbon dioxide, which is equivalent to 4.97% of global green house gases (Jupesta et al., 2011). Majority of emission producers come from the deforestation and land use change. Since the energy sector is the second biggest contributor to carbon emissions, renewable energy can be expected to significantly reduce the emission, along with efforts to use energy more efficiently. It is the right time for Indonesia to start developing its alternative sources of energy since the 'business as usual' scenario will take Indonesia to the path of tripling carbon emissions in 2025 (ADB, 2010).

Renewable energy has a great prospective in Indonesia. Various types of renewable energy are available and the reserves are abundant. It is estimated that hydropower, geothermal and bioenergy can supply about 150 Giga Watt hours annually (Rose, 2010a). Data from International Energy Agency estimates that combustible renewable sources and waste is about a quarter of total primary energy supply (EIA, 2011). Renewable energy cost is still expensive compared to other sources of energy, but Indonesia still need to develop this renewable energy.

Renewable energy is not a game for developed countries per se. Indonesia can play an important role and has advantages to develop it. Indonesia has huge wind energy and large amount of solar energy due to its location on the equator. There are

also active volcanoes that are the source of geothermal energy. In addition, there are huge biomass available from agriculture and forest plantation (Sastroamidjojo, 1996 in Schlapfer, 1999). In terms of the topography, due to the difficulty in accessing fossil-fuel, it is necessary to use alternative energy to power their electricity (Dasuki, Djamin, & Lubis, 2001). Figure 1 illustrates the structure of energy consumption in Indonesia where fossil fuels are prevailingly dominant. The report shows that from 1999 to 2008, the increase of energy demand is mostly translated into the increase use of petroleum and coal, while the quantities of renewable energy and gas usages remain similar. It indicates that without serious efforts to reform its energy sector, Indonesia will be endangering its fossil fuel resources.

There have been previous studies on Indonesian renewable energies such as on photovoltaic (Dasuki et al., 2001; Reinders et al., 1999; Sulistyo, 2000; Miller & Hope, 2000; Dauselt, 2001), on biomass (Restuti & Michaelowa, 2007), and on geothermal (Mogg, 2001). These studies look at sources, potentials and implementations of each technology. Some studies examined application of various renewable energies in general such as Hidayat & Li (2011), Girianna (2009), Abdullah (2000) and Hartoyo & Senoaji (2009). All these studies presented the development of renewable energies and described barriers to its implementation and diffusion. In contrast to above studies, this paper will contribute to the literature on renewable energy by proposing a framework to further develop and advance the renewable energy program, particularly in Indonesia. It will suggest some strategies that are useful for formulating plans to increase the proportion of renewable energy for the electric generation in Indonesia. The next section will describe the methodology used, followed by a review on the current status of renewable energy in Indonesia. To guide the research, some relevant literatures will be presented and outlined to build the theoretical framework used in this research. The status of the electricity sector and renewable energy in Indonesia are then described. Based on the research framework and empirical situation in Indonesia, developmental strategies for more use of renewable energy are suggested. The paper finally ends with some concluding remarks.

Methodology

This paper will use descriptive analysis through relevant theoretical framework. Literature review is firstly conducted to search for previous studies on renewable energy generation in developing countries which include Indonesia. Theoretical framework is then drawn mainly from literature on innovation and policy studies, since to the best of the author knowledge; this is the most appropriate domain for this type of studies. The data used in this study comes from secondary sources, such as; reports from Indonesian government institutions, international energy organisations, private energy companies, investment companies and newspaper articles.

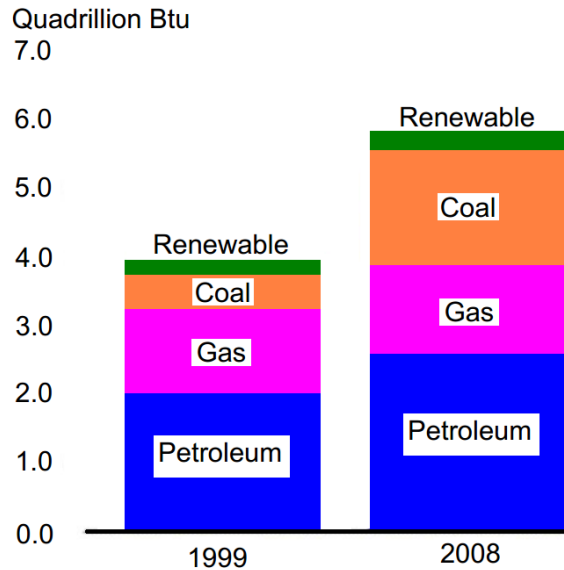


Figure 1. Total Primary Energy Consumption in Indonesia
Source: (EIA, 2011)

Literature Review

Renewable energy is one of the vehicles to assist developing countries that otherwise have difficulty accessing to electricity (French, 1979). This is based on the notion that renewable energy has characteristics of appropriate technology that is suitable to third world countries. This is especially true to the application of biomass where sources are abundant. At the moment, biomass is mostly directly burned to provide heat energy for cooking and house heating. On the other hand, to generate electricity, the most common method used is direct combustion technology; where biomass is burned to provide steam for driving electric turbine (García & Bartolomé, 2010). However, this is not the case for other renewable technologies such as wind and solar. The need for high capital for these latter two technologies is very apparent. Nevertheless many donors and funding organisations from developed countries have been very keen to help diffuse these technologies to the developing world (Goldemberg, Reddy, Smith, & Williams, 2000).

The first target of renewable energy development is the rural area of developing countries. Rural electrification has been promoted as part of an effort to increase the quality of life of the local community. Renewable energy programs have gained enormous support from governments and the international institutions such as ADB and the World Bank (Nieuwenhout et al., 2001). There have been several successful attempts to develop and diffuse various forms of renewable energy in Asia (Bhattacharya & Kumar, 1997). These successes imply that it is always possible to duplicate and magnify these attempts to create a better program to increase the use of

more renewable energy. However, some programs fail to meet the expectations (García & Bartolomé, 2010).

The development and the diffusion process of renewable energy in developing countries need to be explored from a systemic perspective (García & Bartolomé, 2010). It is not influenced by a single factor, but various stakeholders such as government, generator, distribution and transmission companies, consumers and also environmental and social organisations. These institutions determine the direction and the rate of renewable energy usage. Therefore, it is also important to check the various driving factors that sharpen stakeholders' behaviours. Obviously, relying on the market forces entirely as the driving force behind the process is not adequate to explain the success of renewable energy diffusion (Miller & Hope, 2000).

The macro condition of a nation is the first element in ensuring a successful renewable energy development. All energy system currently uses energy sources from fossil fuels which are non renewable. As the fossil fuel resources continually deplete, our energy security is increasingly compromised. This puts pressure to switch to renewable energy sources (Painuly, 2001). At the same time, people are increasingly aware about global warming caused by the burning of fossil fuels. As the effects of global warming are more conspicuous, such as; flood, extreme heat, and mild winter which destroy food crop, the people start to look for using more renewable energy to attain the energy security and sustainability (Karki, Mann, & Salehfar, 2005). This psychological factor can open the way to the acceptance of renewable energy. Information dissemination and awareness promotion are essential for building this favourable attitude towards the utilisation of more renewable energy (Chaidir, 2008).

The national condition is also related to the macroeconomic condition. Economic growth is the determinant factor, whereas the government could support energy expansion (Girianna, 2009). Another critical aspect is whether the development in the renewable energy sectors could create jobs for the community. Renewable energy offer ample potential for working and getting decent income for the society (Restuti & Michaelowa, 2007). The broad policy usually involves reorganising the energy market by breaking down the generation from transmission and distribution. Reducing market regulations are expected to promote market competition in order to improve efficiently. Creating market for renewables can be achieved by a renewable portfolio program where electricity retailers must have certain proportion of renewable electricity to sell to the consumers. Overtime this proportion can be increased to reflect the target set by the government (Painuly, 2001).

Another element to increase the usage of renewable energy is the presence of appropriate policies and programs to promote renewable energy. The policies to promote renewable energy include the diffusion of the usage of solar panel, biogas and windmill. This can be achieved by subsidising installation cost of equipment for small scale generators such as solar panel and windmill. However, in other large scale

generation sectors such as wind farms and solar thermal concentrated plants, subsidy on capital financing is the most appropriate (Verbruggen & Lauber, 2009). Other policies include establishing information centres, and setting codes and standards (Painuly, 2001). The purpose is to educate the younger generation to become wise consumers and to become strong supporters of green energy. The complementary policy includes phasing out diesel generators (Goldemberg et al., 2000). This can be done by enacting a regulation where once an area is built with renewable energy, no fossil fuel generation is allowed in the later stages.

The development of renewables needs complementary effort in building the technology infrastructure (Nieuwenhout et al., 2001). For example, the common place of renewable energy implementation is in rural areas where the infrastructure is least developed. However, the technology infrastructure is not the only prerequisite; supplementing measures are also needed, such as financing. The learning and socialisation for users is also essential. Empowerment of community to take part in this enterprise is required (Goldemberg et al., 2000). This is an important component that is related to the sociological factors that determine the success of renewable energy projects (García & Bartolomé, 2010).

Other aspects that need serious attention are the development of novel policies and the creation of special environment for technological learning (Miller & Hope, 2000). This aspect falls in the domain of various programs, such as R&D and demonstration projects. Most renewable energy technologies initially involve inventions and innovations. The outcome of this process results in various energy technologies that is costly but sometimes feasible and worthy for further developments. The R&D and demonstration project serve as places of incubation for these technologies to become mature and competitive in the energy market. These projects, if successful, will build confidence in the feasibility of renewables in substituting fossil fuels in generating electricity. Multiple stakeholders in this learning process involve manufacturers, construction companies, generators, regulators, retailers, consumers and government bodies. Continuous and sustainable funding is needed to maintain the momentum until the renewable technologies are fully commercialised (Abdullah, 2005).

Investments are also indispensable in advancing the development of renewable energy (Goldemberg et al., 2000). Although there are many regulations and laws produced to support this program, if there is little incentive for the private sector, domestic and foreign, to invest in this area, the development will be sticky and slow. Many donors such as GTZ Germany and World Bank play critical roles in performing initial investments, particularly in rural electrification project (Girianna, 2009). There is potential in utilising carbon development fund to finance the development (Abdullah, 2000). The investment in renewable energy programs need to ensure sustainability since most of the time, development projects stop when the initial investment in the

form of seed funding which is meant as stimulus ceases (Goldemberg et al., 2000). To avoid this, investment process needs to be design to serve at least two purposes. One is to create a network effect where the more renewable energy generators in place, the more people will further invest in this sector. Secondly, the national capital will be less available for building fossil-fuel generators (Effendi & Courvisanos, 2012).

Studies revealed, to develop renewable energy environment and behaviours is challenging (Painuly, 2001). Some aspects that are believed to be the main challenges for the development of renewable energy are technical, financial, social, organisational and political aspects. The technical barriers are related to the operation and reliability of the technology. This pertains to economy of scale and operating conditions such as in bagasse for bioelectricity application (Restuti & Michaelowa, 2007). Social aspect is associated with the community's acceptance in using the technology. The case example is the use of solar cooking which changes the traditional way of cooking by using firewood. To promote acceptance of the technology, local communities should be familiarised through education and training process (Suharta, Sena, Sayigh, & Komarudin, 1999). Organisational aspect can be an obstacle of diffusion process, which occurred in the case of solar home system where there is no system and infrastructure in place to maintain the panel equipment and replace the batteries despite the positive perception on part of the users (Reinders et al., 1999). Political barrier relates to the complex interactions between one stakeholders that support the transition to more sustainable energy and other stakeholders, usually from the fossil fuel-based industry, that wishes to retain its status quo (Painuly, 2001).

The technology needs support from many parties. These important supporters are called champions. They play an important role in driving the technology development forward (Smith, 2007) for example private companies and social organisations. The existence of big corporations will provide the resources to mobilise the effort to develop new technologies. This is common as they have enough resources to make the necessary investment. On the other hand, social organisations such as World Wildlife Fund (WWF) are proponents in executing the move towards the use of sustainable energy. These organisations do not have large resources like the big companies, but they have social credibility that can drive and influence consumers (Miller, 2009). Going down into a more micro scale, the human agency in an organisation also plays an important role. The existence of proud and environmental-conscious managers in private companies help in the diffusion of new ideas and innovations in the economy-wide domain (Smith, 2007).

Drawing from studies above, a framework is proposed to formulate the strategies to accelerate renewable energy use in Indonesia (shown in the Figure 2 below). This framework emphasises the importance to focus on renewable energy by adopting the technologies. For instance, using small solar photovoltaics panels in households and sectors such as wind, biomass and geothermal for the industry.

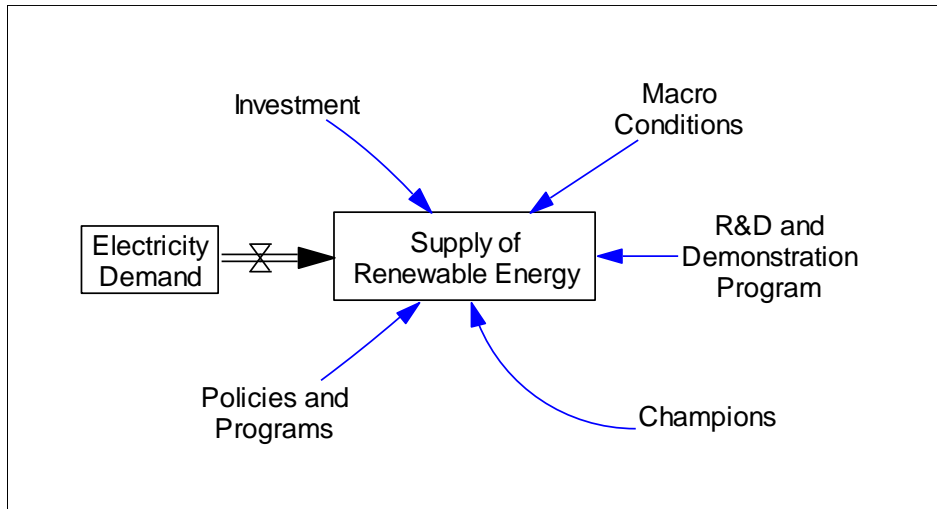


Figure 2. The Research Framework

It is argued that the development and supply of renewable energy are determined by five factors. The first factor is general macro environment which is shaped by the economy, social values and perceptions. Secondly, investment in renewable generation since this will create a snow-ball effect for further development and diffusion. Policies and dedicated programs are also important in providing continuous momentum for the development. The role of governments is very central. As new practice is adopted, research and development (R&D) is needed. R&D plays a crucial task in energy conversion to supply the electricity need. The last factor is the champion. It plays an important role as a locomotive, stimulating the interests of other organisations to participate in the development.

Status of Electricity Sector in Indonesia

The electric sector in Indonesia has capacity approximately 36 GW and lead by the fossil fuels. The energy consumed in 2010 is as follows: 42.6% oil, 25.9% gas, 28.1% coal, 1.9% hydro and also 1.5% from other renewable sources (BP, 2011). The electrification ratio only reaches 64 % in 2007 where most of the deficiency is in Eastern Indonesia (Kusdiana, 2008). This ratio partly explains for the frequent shortage in the system (Rose, 2010b). Figure 3 below shows the annual growth of electricity production by fuel. Although the quantity of renewable energy increases, the proportion is still small compared with that of fossil fuels. The proportion of annual production seems consistent for almost forty years.

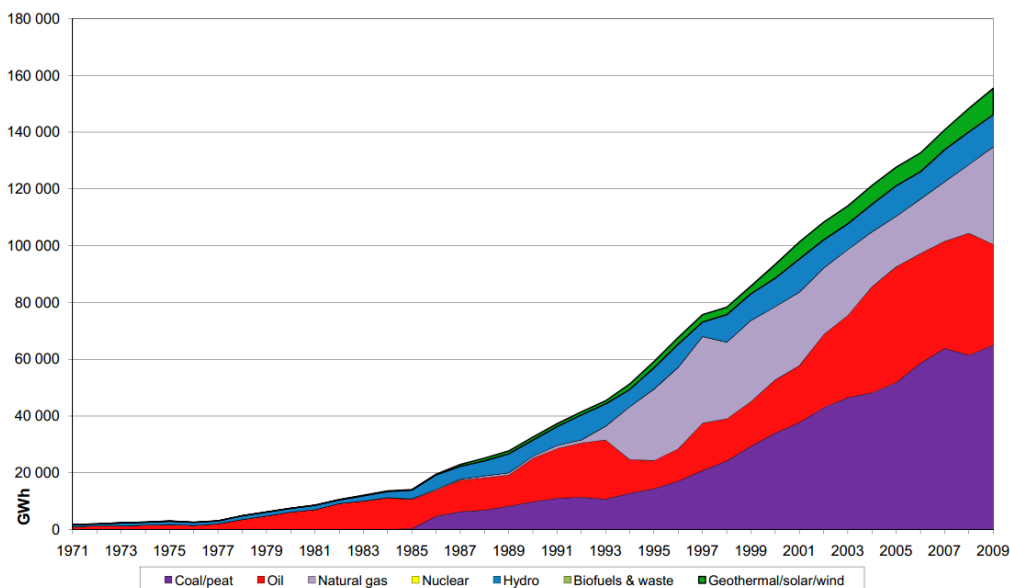


Figure 3. Electricity Generation by Fuel in Indonesia

Source: (OECD/IEA, 2011)

The Indonesian energy market has changed since 1992 when the GOI promoted a program called the independent power producer (IPP) to generate electricity and sell it to the *Perusahaan Listrik Negara* (PLN), a state-owned company. PLN is the only company allowed to do electric transmission and distribution in Indonesia (Mogg, 2001). Although the electricity generation sector involves private companies, PLN still power almost 84% of it (EIA, 2011). The deregulation in electricity market is also intended to attract foreign investors to develop electricity plants in Indonesia. Some financial institutions such as the World Bank provide loans to build new plants, but because of the economic crisis in 1997, all projects were cancelled (Mogg, 2001). This suggest that PLN has a huge task to build new capacity each year to satisfy the increased demand for electricity (Rachmatullah, Aye, & Fuller, 2007). The demand for energy consumption until 2025 is estimated to be 8.4% per annum (Kusdiana, 2008).

There are at least three challenges facing the energy sectors in Indonesia. Firstly, Indonesia is now a net energy importer. Although Indonesia is the second largest exporter on coal and the third largest in terms of geothermal, since 2004 Indonesia has net-imported some of its oil needs from abroad. The energy consumption will drain the country's reserve. Secondly, the subsidies to domestic fuel prices keep increasing. As a result, the government should adjust the budget for servicing the people, otherwise the budget could be used for developing alternative renewable energy technologies (OECD/IEA, 2008). Thirdly, the projected energy demand will double in

ten years time as the number of population increases and thus also energy use. This will significantly put pressure on the future supply of energy supplies.

Status of Renewable Electricity in Indonesia

In 2006, the contribution of renewable energy to electricity is only 4%. It is predicted to increase up to 15% and 5% for biofuels and geothermal respectively (Jupesta et al., 2011). The potential for fostering renewable energy is huge, as shown in Table 1 below. With the largest geothermal reserve in the world, estimated at 25 GW, Indonesia in 2009 was the third largest producer of geothermal (EIA, 2011).

Table 1. Potentials and Installed Capacity of Renewable Energy in Indonesia

| Renewable Sources | Potentials | Installed Capacities |
|-------------------|--------------------------|----------------------|
| Hydro | 75670 MegaWatt | 4200 MegaWatt |
| Geothermal | 27000 MegaWatt | 1042 MegaWatt |
| Micro Hydro | 450 MegaWatt | 210 MegaWatt |
| Biomass | 49810 MegaWatt | 445 MegaWatt |
| Solar | 4,8 kWh/meter square/day | 12 MegaWatt |
| Wind | 3 – 6 meter/second | 2 MegaWatt |

Source: (Kusdiana, 2008)

Indonesia promotes renewable energy as part of its national energy policy. The policy aims to enhance energy security, secure and search strategic reserves, to improve energy efficiency for energy conservation, to decrease reliance on fossil fuels, to sustain domestic supply of oil/gas, to mitigate CO₂ emissions utilising diffusion, and to deploy clean energy technologies as diversification strategy (Othman, Zakaria, & Fernando, 2009). Developing renewable energy is important as the Government of Indonesia (GOI) had ratified the Kyoto Protocol in 2004. It was the intention of the GOI, as stated in a Presidential Decree No. 5 enacted in 2006, to attain over 17% by 2025 contributed by renewable energy (Girianna, 2009).

The utilisation of renewable energy in Indonesia is supported with various policies and measures which are financed by the national and regional budgets. The main priority is for those areas where, currently, have no electricity. Since 2005, the Indonesian Government has implemented a rural electrification policy which forbids the use of diesel for electricity generation in remote villages (Kusdiana, 2008). The electricity generation for these villages will utilise as much renewable sources that are locally available, as possible. For example, biogas development program for rural areas with the promotion of organic waste in the households for cooking in the village community. Additionally, the direct use of renewable energy (without converting into electricity) is encouraged such as the drying process of agricultural products using solar energy which mainly involves the application of appropriate technologies (Kusdiana, 2008).

Specific programs implemented by the Indonesian Government also include the application of Integrated Micro-hydro Development Program (IMIDAP). This program is a foreign aid grant from Global Environmental Facility (GEF) through United Nations Development Programme (UNDP) in 2007 - 2010. The aim is to develop, utilise and sustain the use of micro-hydro generators built by the government and local community (Kusdiana, 2008). Another program is Micro Hydro Power Program (MHPP) which was facilitated and funded by the German International Technical Cooperation Agency (GTZ). This program aims to create expertise and workshop skill in designing, manufacturing, operating and maintaining micro-hydro generators.

There are some projects implemented to electrify villages which are supported by the World Bank. It is found that lending money is not enough for development. It needs other components such as training and skill building in channelling the fund to the right debtors. This is obviously a difficult task for people in Indonesian villages (Miller & Hope, 2000). However, Indonesian consumers are very receptive in terms of new application of technology as in the case of solar cooking. This can provide a basis to design better plans before the implementation takes place (Suharta et al., 1999). So far, villages still use various types of wood fuels for their energy needs (Bee, 1986).

The renewable energy outlook significantly improved in Indonesia. Data from US Commerce Department indicates that renewable energy investment in Indonesia is very competitive and prospective as more US companies invest in the geothermal sector (USDC, 2010). Currently, geothermal is the most potential area for foreign investment. Biomass is less attractive since the market is not yet developed. The likely potential of biomass development is the utilisation of cogeneration resources from the agribusiness sector (USDC, 2010). The Clean Development Mechanism (CDM) project also provides opportunities by for example using bagasse from sugar plantation (Restuti & Michaelowa, 2007). As for wind energy, due to the slow wind speed in most parts of Indonesia, small and middle windmills are economically considered more appropriate (USDC, 2010). Whereas solar market is not fully developed yet since the development in rural area is still left-behind. The infrastructures such as education, transportation are still not developed properly to support renewable energy. This is albeit the fact that there have been many projects related to solar photovoltaics in the 1980s (Dasuki et al., 2001). More application in urban areas is needed to boost the diffusion of this technology since the people in the cities have more purchasing power.

However, there are some barriers in developing renewable energy in Indonesia. IEA identifies several reasons that hold back the investment in these sectors, such as; lack of infrastructure, slow process in obtaining land-use permits, unfriendly tariff and volatile policy circumstances (OECD/IEA, 2008). A government bureaucracy is seen as one impediment as the activity of the development is held back because of this (Schlapfer, 1999). Some projects which involve international donors usually have constraints that they are not developed to meet to the needs of the local community.

Another problem is that local community are not involved in the decision process. They are just the customers of the technology (Schlapfer, 1999).

High costs also impede the development of renewable energy. For example, initial expenditure for exploration and development for geothermal is still expensive (Rose, 2010a). This is exacerbated by the import of the technology from overseas as the local supply of the technology is limited, if not absent. The other problem in solar home system project is the finance aspect where the villagers rely on subsidy to purchase and maintain the equipment (Dauselt, 2001). Cultural aspects also play an important role as exemplified in the case of PV-hybrid in Kalimantan and Sulawesi. Special training on managing the operation and use of renewable energy is needed (Chaidir, 2008).

The implementation needs long-term planning that include a socialisation process of the new technology (Reinders et al., 1999). This is shown in the case of solar panels in Desa Sukatani. Although the community's reception to the technology was positive, they had little support for maintaining and operating panels. This is due to limited local operational skills and design capability (Kusdiana, 2008). The coordination and communication between institutions are also problematic in the implementation of the renewable energy program. For example, the effort to develop photovoltaics in the rural area is undermined by the effort of a state-owned electricity company (PLN) as shown in the photovoltaics case in Kabupaten Lebak (Sulistyo, 2000).

As for geothermal, the barriers include the limited supporting economic policy (Karki et al., 2005), the structure of economic development, deficiency in infrastructure and also diverse political divide limiting the ability to develop renewable energy (Karki et al., 2005). There is also overlap with forestry domain as most of geothermal sources are in the area of native forest (Rose, 2010a). Tariff is also not included in the bidding process which causes greater uncertainty (Rose, 2010a).

Development Strategy for Indonesia's Renewable Energy

The increasing demand for electricity in Indonesia can be used as a pivotal point in developing renewable energy. This demand continuously drives the interest in energy investment and guides the provision of energy supply. It is in the interest of sustainability that this increased demand is translated into more proportion of renewable energy in the Indonesian energy mix. As the research framework suggests, the increased supply of renewable energy in Indonesia depends on:

a. Setting Conducive Macro Condition

Creating supportive guidelines and environments where regulations enhance the diffusion and deployment of renewable energy. The main aim of this is to strengthening institutions including market and government. The energy market at the moment prefers fossil fuels to renewable sources for generating electricity. This is mainly due to low production costs and damage to the environment caused by fossil fuels is not

internalised in the market (Painuly, 2001). Changing the market structure can be accomplished by introducing a carbon tax or an emission trading scheme. For Indonesia, this policy may not be applicable due to high political costs and also because of the fact that electricity and energy is still heavily subsidised (ADB, 2010). The implementation of this scheme will result in a price hike in energy consumption. Another effective but painful endeavour is to slowly reduce the energy price subsidy. This is to ensure that price condition increasingly reflects the condition of supply and demand of energy.

The more preferable appropriate strategy to support renewable energy development is to increase the proportion of renewable energy. This scheme is popular among developed countries (Verbruggen & Lauber, 2009). For example, the feed-in tariff policy is used to promote adoption of solar panels by households in Australia (Diesendorf, 2010). In general, this particular measure has been enacted in Indonesia as discussed above (EIA, 2011). However, it is not clear who is responsible for securing this target to be achieved. The responsibility can be assumed by generators and retailers or even government institutions. Failing to set this will render the measures ineffective. The national target of renewable energy use also needs to be complemented with other measures such as favourable investment climate and national capability in terms of technology development.

Another aspect that also shapes this macro condition is the behaviour of the community and society is important in creating positive attitudes towards renewable energy. The difficulty of perceiving renewable energy is clear from the consumer perspective as the product that comes from electricity generator whether sourced from renewable or fossil fuels is the same. With efforts such as educating the public and disseminating the information on renewable energy, acceptance will become the driver to further the development and diffusion of renewable energy (Dauselt, 2001).

b. Promoting Foreign and Private Investment

The development of renewable energy and its integration with the current electricity system will take a long time and require large resources. There is no single government that can finance it, except literally in the communist states. As Indonesia's government have financial difficulty to support its renewable energy programs, freight and domestic investments are very crucial. Developing suitable financing system can enhance the positive attitude of investors. Deregulation in the electricity industry is the first step that has been implemented in Indonesia (USDC, 2010).

The investment policy should address particular renewable technologies that are already mature and give immediate result in terms of renewable energy usage and consumption. Currently, the most mature technology in Indonesia is geothermal. Giving emphasis on geothermal will accelerate the use of renewable energy with the least cost. The measures are to attract investment include ease of bureaucracy procedure, tax

preferential, and accelerated capital depreciation. The next technology for investment is biomass. This is due to abundant sources in rural areas and also the opportunity to create employment within the areas. More expensive technologies such as wind and solar, should be deployed when the previous technologies are not available.

c. Formulating Supporting Policies and Related Programs

Establishing favourable climate for investment is not enough. This is where other policies and programs can play important roles. First, government can harmonise other policies so that they are in line the main policy to develop more renewable energy. For example, there are some issues for biofuel development. The expansion of biofuel development causes the number of land clearing to increase which is in conflict with the environment's sustainability. There are clearly disagreements between forestation and expansion of biofuel. Cultivating degraded lands for biofuel may be one of the solutions (Jupesta et al., 2011).

Other supporting policies are securing the skill that can implement the renewable energy projects (Kusdiana, 2008). The local community should be directed to develop aptitude and competence in executing various functions in the area of renewable energy projects. The components and equipments are needed in the projects should be sourced locally to gain maximum impact in terms of employment. In terms of knowledge and technological capability, the government can utilise various local research and development institutes, technical consultants and engineering design companies to expedite learning so that a range of capital accumulation takes place. This will contribute to an increase in economy of scale and scope which results in a more cost-competitive renewable energy. For example, the Solar Flagships Programme, which is funded partially by the Australian Government to promote and develop large scale solar generation up to 1000 Megawatts, has attracted various stakeholders which include private companies and national R&D institutions (Diesendorf, 2010).

d. Maintaining R&D and Demonstration Activities

The long-term commitment to allocate resources and to build supportive networks is very crucial when it comes to develop renewable energy. This is due the change of scale in the energy system is enormous. This commitment should be translated and reflected in the government's annual budget to invest in the effort to do R&D and also demonstrate projects in the renewable energy sector (Abdullah, 2005). Activities in research and development should be directed towards the production of necessary technology and equipment that support the various projects that demonstrate the feasibility of renewable energy in supplying our energy demand (IPB, 2008).

More important than R&D is the demonstration project which is the extension of research and invention activities. This demonstration project at least serves two purposes. First, to show the applicability of renewable energy in solving our energy

problem (Nieuwenhout et al., 2001). Second, which is more important, this project will create momentum and path dependency that preserve inertia in building long term commitment to renewable energy development (Miller, 2009). This is crucial to protect the renewable energy from pressure in the energy system which is dominated by the powerful fossil fuel interest (Effendi & Courvisanos, 2012).

e. Nominating Champions for Leading The Energy Transformation Process

The agent development of renewable energy should be a huge player in energy sector. This is due to capabilities and resources that they have in carrying out the task. For Indonesia, the role of state-owned companies is still dominant in the economic sector. This is especially true in the electricity sector. Therefore, it is reasonable for the Government to give special mandates to its state-owned companies to be the locomotives that lead other actors in developing renewable electricity. These companies have the necessary resources to create change in the energy system. They also have capacities to exploit available market. These characteristics give them indispensable incentives and advantages compared with other actors.

The best candidates to accomplish the mission for sustainable energy development are PERTAMINA and PLN. In 2010, both companies performed very well financially (Wartapedia, 2011). PERTAMINA is now the leader in geothermal development and have cooperated in various geothermal projects. PLN, although not as strong as PERTAMINA, can have significant contribution since this company has the only distribution and transmission lines in Indonesia. The integration of renewable to the grid will pave the way towards more use of renewable energy sources in electricity generation. Other renewable projects such as biofuel and wind can also be implemented by these champions. The other actors that can also push the development of renewable energy are social organisations such as *Masyarakat Energi Terbarukan Indonesia* (METI). This organisation can function as a focal point in mobilising various stakeholders to participate in the development and creating interest through advocating renewable energy to the-public (OECD/IEA, 2008). The main aim for the use of champions in developing renewable energy is to pool enough resources to accelerate the renewable energy development and to promote renewable energy supporting industries.

Concluding Remarks

This paper describes the state of play of renewable energy development in Indonesia. Although there have been various projects to develop renewable energy, many obstacles are found to inhibit the use of renewable energy. As the market is yet to develop, the government is pivotal in orchestrating the effort to develop the energy. The main task will be the facilitation of the renewable industry to exist and start producing electricity to achieve economy of scale and positive “network effect”. In this way the

active participation of private sectors can be encouraged. As the energy system is massive in scale, only by prolong commitment to allocate resources from every stakeholders, the sustainable energy system can be achieved.

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THE IMPACTS OF CHECKS AND BALANCES RELATIONSHIP TO THE ROLES OF BOARD OF COMMISSIONERS IN IMPLEMENTING GOOD CORPORATE GOVERNANCE AT INDONESIAN STATE-OWNED ENTERPRISES

Synthia A. Sari

School of Business and Management
Bina Nusantara University – Jakarta, Indonesia
Faculty of Business, Government and Law, University of Canberra, Australia

Abstract

This paper examines the impacts of checks and balances relationship as result of Indonesian governance model to the functions of Board of Commissioners (BoC). It focuses on the extent of the relationship between the BoC and Board of Directors (BoD) impact the work of the BoC in implementing good corporate governance (GCG) in Indonesian state-owned enterprises (SOEs). Based on semi-structured interviews of 19 participants including BoC, BoD members and SOEs' officials, this study addresses the challenges of check and balance relationship to the roles of the BoC. The long adjustment in the relationship over members of the BoC and the BoD, inequality of knowledge in SOEs, and an unbalanced information flow may be found as the important challenges for BoC to conduct their roles in Indonesian SOEs.

Research Backgrounds

The Indonesian government started to introduce the implementation of GCG in the enterprises after the Asian financial crisis (1997-1998). The crisis had pressured the Indonesian government to receive the International Monetary Fund (IMF) offer of an economic recovery packet with some pre-conditions to do a total reform in its economic system, such as reduce government control in economy and move toward market based economy, have commitment in eradicating corruption practices in government through seriously engaging GCG and rebuild capital market and investor's trust (Abeng, 2001).

However, during almost 10 years of economic reformation, some practices such as corruption and collusion still exist. It causes the collapse of some private and public enterprises. IMF and World Bank indicated this problem is due to the ineffective management as well as the weakness of the board governance in Indonesia (Habir, Sebastian, & William, 2002). Several major scandals in Indonesian public enterprises may become examples of the weaknesses of board governance, include HM Sampoerna (Indonesia, 2001), Lippo Bank (BAPEPAM, 2003), Indonesia National Bank (BNI) (Wordpress.com, 2006) and around 26 other cases in 2008 (Kompas, 2008). Most of these scandals were related to misusing SOEs by the BoD for their own interests (Habir, 2005). All of these scandals show that the roles of the BoC are yet effective to ensure

the implementation of GCG in Indonesian enterprises, including in Indonesian state-owned enterprises (SOEs).

In Europe, Asia and Australia, the principles of GCG were formally introduced by Organization for Economic Co-operation and Development (OECD) in 1999 and revised in 2004. The principles are intended to assist the governments to evaluate and to improve their legal and regulatory framework to practice GCG in their countries. This body also provides guidance and suggestion for stock exchange, investors, corporations, and other parties who have a role in developing GCG process (OECD, 2004). The code of GCG is one of the key elements in improving economic efficiency and growth as well as in enhancing investor's trust (OECD, 2005). Additionally, code of GCG is believed to become a critical element in breaking a vicious cycle of bad governance by minimizing the bribery, collusion and corruption in the enterprises (Daniri, 2006). In Indonesia, national committee of corporate governance (NCCG) established the Indonesia's code of CG in 1999. The code has been revisited several times before the last draft issued in 2006. Some closure in this last draft requests checks and balances mechanism (CBM) to manage the relationship between the BoC and the BoD. This mechanism requires the BoC to work as a partner of the BoD while maintaining their functions. It is believed that with such mechanism, a transparency and accountability may be enforced as well as Corporate Social Responsibility (CSR) commitment for company's long term sustainability (KNKG, 2006). However, the problem is this code is not produced on legal consequent basis, but it is just an ethical approach. Therefore, it does not have a legal enforcement. Certainly, without legal enforcement and followed with a unique culture of Indonesian SOEs, it is hard for the BoC to control the BoD as well as maintain the relationship as a partner since the BoD prefer to serve the interest of others who appoint them into the BoC's position in the first place rather than the people of Indonesia, ultimate shareholders of Indonesian SOEs. Thus, it is necessary to study the impact of checks and balances mechanism to the roles of the BoC in Indonesian SOEs.

Issues for Corporate Governance in Indonesian SOEs

Corporate Governance becomes crucial in Indonesian SOEs because they manage very important resources and use state budget in their operation (Djajanto, 2007). However, even though CG had been applied by SOEs' since 2002 as their commitment of reformation in their organisational body, their performance is still unsatisfied (BUMN, 2002). For example, statistic data of BUMN (2011) show that from 159 Indonesian SOEs, just 59 of them show positive performance. Indeed, around 46 of them were not profitable. Furthermore, in 2006 to 2007, there are 20 from 139 SOEs who were still unprofitable and suffered a loss of around US \$ 250 billion in total (Wicaksono, 2008). Unfortunately, the number of total losses increased in 2008 to US\$ 2.34 billion (W. Daniel, 2008). In 2010, from the total of 132 SOEs, there were 22

SOEs which recorded losses and had problems, as it did not have commercial value and high potential for the political intervention on the enterprises (Irene, 2010) such as PT. Kereta Api Indonesia (the Indonesian Train Company) and state electric company (PLN) that always suffered the biggest losses among SOEs (W. Daniel, 2008)

The IMF, investors and academics believed the poor performance and inefficiency of SOEs could be traced back to the poor GCG practices (Daniel, 2003; Tabulajan, 2001). According to Clarke (2004), corporate governance is the way corporate entities are governed as well as the exercise of power over corporate entities. The choice of governance model in one country may influence the power of the board (In Indonesia called the BoC) over the companies as well as the relationship between the BoC and the BoD and the BoC with shareholders (Monks & Minow, 2007). Prior studies in this issue result in various arguments (Hua, Miesing, & Li, 2006; Huang & Orr, 2007; Kamal, 2008; Khongmalai, Tang, & Siengthai, 2010). Some empirical research argued that it is better to regulate separately the position of CEO and the chairman on governance structure (Hua, et al., 2006; Huang & Orr, 2007), while others argue, separating the position will not make significant differences in the power over the BoC and the relationship (Kamal, 2008; Khongmalai, et al., 2010). Despite those varying arguments, both group agreed that the choice of governance model impact to the roles of the board.

Furthermore, scholars revealed that the role of the board has increased for enterprises such SOEs which are not exposed in the capital market (Beiner, Schmid, & Zimmermann, 2003; Bozec, Zeghal, & Boujenoui, 2004; K. A. Kim, Nofsinger, & Mohr, 2007; Sokol, 2009). These studies found some fundamental aspects that make SOEs different from others type of enterprise.

First, the ownership of SOEs belongs to all the people in a country (Mar & Young, 2001). It becomes complex when it is questioned to whom the term “people” is represented to. It is not as simple as to point some personnel, an institution or a group of people by ultimate owner of government representative. Ownership by all the people could also mean a sense of ownership by none of them (Mar & Young, 2001). Referring to the law, SOEs should be managed and coordinated by state under a particular authorised ministry. Nevertheless, it is debated and questioned whether SOEs belong to the ministry (Syakhroza, 2005). It also creates an ambiguity in understanding the position of the state in SOEs: a regulator and owner at the same time. Tenev and Zhang (2002) warn this situation will be heavy with political intervention.

Second, the tendency of conflict in governmental aspects; the state act as an owner of the SOEs, while the BoC as an agent of the state is supervised by a ministry under the governmental cabinet. In other words, SOEs have to serve public and the government at the same time (Bozec, et al., 2004). In practice, the consistency of the Minister in its supervision is tested with various conflict of interests (Kozarzewski, 2007). It could create a dilemma in the GCG implementation.

Third, conflict between two objectives (Bozec, et al., 2004; Khongmalai, et al., 2010). SOEs are established to serve the public. Nevertheless, at the same time, they are demanded to perform efficiently and profit oriented. The two objectives contrast each other and difficult to encourage GCG practices (Ramanadhanam, 1991).

Fourth, SOEs resistant to external control due to the majority of SOEs ownership is handled by state. With the state as the dominant shareholder, SOEs are not exposed to the capital market (Lu, 2009) and vulnerable to external control (Bozec, et al., 2004). Studies have found that low external control mechanisms mean three things (Kozarzewski, 2007); the SOEs are almost free from internal or institutional ownership, the SOEs are vulnerable to takeover, and the SOEs are free from any pressure from corporate debt burdens as the government generally guarantees their debt. So, it indicates that the SOEs only rely on an internal control tools which board oversight is the most cost-effective one (World Bank, 1999).

Fifth, political issues could not be separated in all SOEs strategic decision. It is because SOEs' coordination and accountability is still being handled by the government. The high influence of the government is frequently the result of high political embeddedness which affects constraints and incentives the work of the BoC (Okhmatovskiy, 2010).

Drawing from above arguments, this study tries to set out some key premises in the roles of the BoC in implementing GCG at Indonesian SOEs, particularly, to analyse the implication of the checks and balances mechanism as a result of current Indonesian governance model to the roles of the BoC in Indonesian SOEs. Furthermore, this study intent to contribute in debate over association of the roles of the BoC and the company's performance (Kakabadse, Yang, & Sanders, 2010; Khongmalai, et al., 2010; O'Regan, O'Donnell, Kennedy, Bobtis, & Cleary, 2005; Ramdani&Witteloostuijn, 2010).

Theoretical approach

The governance Model

The prior debate on the type of governance model have been polarised in two distinctive approaches. The first, one tier model or well known as the Anglo-American model. In this model, a company has a single board namely board of directors which consist of senior managers (executive directors) and independent directors who work on a part-time basis (non-executive directors). This model is adopted by the USA and the UK. The other approach is the two-tier model adopted by the European Continental countries. In this model, the boards are divided in two: a supervisory board (the BoC) and management board (the BoD). This model is adopted by Denmark, Netherlands, Germany, Japan and Indonesia (FCGI, 2001).

According to OECD (2004), Kim and Hoskisson (1997), and Turnbull (1997), there is no consensus taken explaining the better from the two model. The suitable

model depends on the country's corporate law, the business environment, and the legal economic system of the nation (Mayer, 1997), the corporate development history and relationship between the entrepreneurs and government (Whitley, 1990), social structure (Cadbury, 1999) and the culture (Kuada&Gullestrup, 1998). However, the choice of this governance model certainly impact to the power of the BoC and the BoD as well as the relationship among them (Monks &Minow, 2007)

Furthermore, Eldenburg (2000) emphasizes that the principle of "no one size fits all" may also be applied within the organization because each organization has its own characteristics and ownership. In other words, one must expect the governance model in private enterprises to be different from SOEs or other types of organization. A study in China by Cho and Huang (2011) and Tam (2000) confirmed these arguments. They revealed that the Anglo-American model applied in China has not worked as intended because the implementation of internal control systems in China is different from what is done in the West because China's SOEs have distinctive characters. A report from the OECD (2005) supports these arguments. It shows that most governments in developed countries, including Netherlands, Germany, and France, had applied the principle of "no one size fits all" in regulating their enterprise's governance.

Governance Model in Indonesian SOEs

The governance model of the Indonesian SOEs is stipulated by the new Law No.19/2003 and has been implied through the governance structure and mechanism. It consists of (a) GMS represented by the Ministry of SOEs, (b) The BoC, and (c) The BoD. In the Article 15 and 27, it is stated that the appointment and dismissal of the BoD and BoC are made by the General Meeting of Shareholders (GMS) and in the case of the minister acting as the GMS, the appointment and dismissal of the BoC is established by the minister. However, this governance model is applied to every type of Indonesian SOEs disregarding the size, the ownership structure, and the purposes of the SOEs (Indonesia Law, 2003)

Figure 1 shows the main bodies that play important roles in Indonesia's governance model; the shareholders, the BoC and the BoD. The shareholders (described on the form of AGMS) are a group of people who invest their money as capital and have a share in the profits of the company. The BoD is responsible for the company's operational management while BoC is the group of people who supervise and give advice to the BoD.

The separation between the BoD and the BoC in the Indonesian governance structure is consistent with the idea of a two-tier model, as all members of BoC are non-executive directors. However, unlike the two-tier model, where it is structured between the shareholders and management, the structure of the BoC in Indonesia is "side by side" (parallel) to the BoD. Within this structure, the selection mechanism, power, functions and working relationship of the BoC are different from the two-tier model.

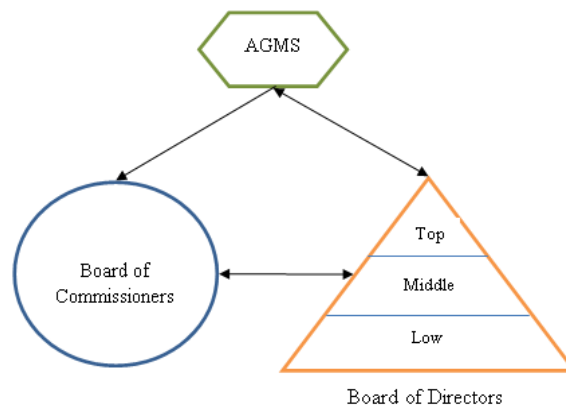


Figure 1: Indonesian Governance Model
Source: Indonesia Corporate Law (2007)

The equal position or parallel structure of the BoC and the BoD makes both bodies work as partners rather than the BoC as superior to the BoD, which is the case in the two-tier model. Such a relationship characterizes Checks and balances Mechanism (CBM). A clear and good relationship between the BoC and the BoD is necessary in this relationship. Inevitably, this kind of relationship impacts on how the BoC functions to achieve good governance in SOEs.

Therefore, the BoC and the BoD should operate like a team which requires balancing the power between the BoC and the BoD. Under this CBM, the BoC checks the BoD's activities and balance the power of the BoD in order to minimize the agency costs. The benefits which include the exchange of information, bilateral communication, consultation and collaboration are considered to be the key factors in Checks and balances Mechanism (CBM).

The Board in SOEs

Even though the role of the board is crucial in the life and death of the SOEs, little attention have been paid to expose their government, indeed in any context of CG (Garratt, 2006; Leblanc & Gillies, 2005; Tricker, 2009a). At the beginning of SOE reformation, many parties confuse to differ the meaning of managing and directing an company, including the personals in board them self (Tricker, 2009b). Mostly, the members of a board undertake the executive's role, not that of direction-givers. The work of the board, key competencies as well as factors contributing to an effective board is not appreciated by the wider public. The public preferred to reward a member of the board for their effectiveness in managing business, not for providing strategic direction to the company (Garratt, 2006). Generally, the public still trust conventional wisdom that treated the board as the body organ that the law required for the

organization to have, but in real practices, the board have been more or less ignored by scholars, CEO, government and everyone else interested in business (Zehnder, 2000).

This statement is also supported by earlier studies that found in several countries the board's roles in SOEs are found to be limited. The board tends to become "passive" (Kakabadse, et al., 2010) or act like a "rubber stamp" (Huang & Orr, 2007) rather than be actively involved in strategic decision making. A study from Indonesia has also confirmed that the major ownership still dominates in the final strategic decision making, frequently without considering any suggestions from the board (Kirana&Habriansyah, 2004). To counter these problems, some scholars suggest that the SOEs should be exposed to the capital market (Bozec&Dia, 2007), decrease the government involvement (Bozec, et al., 2004) and encourage transparency of board member recruitment process (OECD, 2005). In addition, OECD also indicates that some countries have overcome this issue by undertaking reforms so they achieve world class board¹ status (OECD, 2005). A greater autonomy for board members has also been suggested and guidelines for strengthening the roles of the boards and committees in monitoring, reporting, managing risk and controlling have been established (Bozec, et al., 2004).

Leblanc and Gillies (2005) argued that the functions of the board are an important and motivating factor in GCG. Its functions are divided into four types: strategy formulation, policy making, supervising the executive management and accountability to shareholders or other stakeholders (Garratt, 2006; Tricker, 2009a). In formulating strategies, the board usually works together with senior or executive management. They should consider the future of internal of organisation and external factors (outward). The board have to interpret their internal resources and at the sometime also put attention to the competitiveness in the market place as well as broader condition of social-political and economic issues in the nations. In addition, the board have to guarantee that their business process are accountable to gain the legitimacy from company's stakeholders (Tricker, 2009a)

The Functions of the BoC in Indonesian SOEs

According to the Law no.19/2003 that the BoD serve the company as care takers, while the BoC serves to conduct surveillance in the company. This means the BoC as an organ of the company is collectively responsible and accountable for overseeing and providing advice to the BoD and for ensuring that the companies implement GCG (KNKG, 2006). A more detail of the functions of BoC are explained in the national code of GCG as below:

¹ World class board means behaving professionally and devoting itself to company (Kamal, 2008)

*The BoD shall formulate the vision, mission, and values of the company as well as the short and long term program of the company **to be discussed and approved by the BoC** or General Meeting of Shareholders in accordance with the articles of association (KNKG, 2006).*

This argument indicates that the BoC and the BoD have the authority and the definite responsibilities in accordance with their respective functions as mandated in statutes and regulations (fiduciary responsibilities). They also have a responsibility to maintain the company's sustainability. Therefore, the BoC and the BoD should have the same perception of vision, mission and values as the company (Arafat &Fajri, 2009).

Furthermore, the government requires clear rules of the game of governance in the form of a mechanism. The mechanism of governance must be written and be treated as an official document in the company (Effendi, 2009). According to the Ministry of SOEs, there are several documents that SOEs are required to possess in implementing the GCG, including board manual, board charter, general code of conduct, stakeholder communication mechanism, guidelines for transparency and disclosure, guidelines for corporate secretary, internal audit charter, code of GCG, code of company risk management, corporate governance and compliance as well as statement of corporate intent (Effendi, 2009).

Among these documents, the important document directly related to the board is the board manual. The board manual is a guide for the BoD and the BoC in carrying out their daily relationship to conduct corporate operations activities. The board manual contains (PLN, 2009):

- Objectives and scope of the BoD and the BoC.
- Vision, mission, values, goals, objectives and organizational structure of company.
- Principles of GCG, internal control systems, the values of business ethics, and rules of corporate behavior (business ethics and codes of corporate conduct), including violations of the rules of corporate behavior and its punishment.
- Mechanism of statement of corporate intent including eligibility criteria (qualifications), the selection process, as well as fit and proper test.
- Distribution of duties of the BoD and the BoC, the scope of work, authority and responsibility. All these are clearly arranged and reflected in the organization structure.
- Procedures for organizing a board meeting, commissioners meetings, and meetings of directors and commissioners, as well as the working relationship between directors and commissioners.
- Annual General Meeting of Shareholders (AGMS).
- Performance of directors' assessment.
- Functions and responsibilities of corporate secretary and the internal audit unit.
- Handling conflict of interest.

According to KNKG (2006), there are basic guidelines for implementing the cooperation or the relationship between the BoC and the BoD. First, there is joint responsibility of the BoC and BoD in maintaining the continuity of business enterprise in the long term is reflected in; proper implementation of the internal control and risk management; achievement of optimal returns for shareholders; protection of stakeholder interests fairly; and reasonable and proper succession for continuity of management in all lines of the organization.

Second, the BoC and the BoD need to jointly agree on a corporate vision, mission and values as well as an annual work plan and budget; policy in ensuring compliance with laws and articles of association as well as avoiding any kind of conflict of interest; policy and firm valuation method, the unit within the company and its personnel; and organizational structure to one level below the BoD who can support the achievement of the vision, mission and company values.

Although the BoC should cooperate with the BoD, the BoC may not participate in operational decisions. Moreover, the position of each member of the BoC including chairman of the BoC (called the President Commissioner) is the same. The President Commissioner's duty is to coordinate the activities of the BoC.

Furthermore, in order for the BoC to run tasks effectively, it should be according the following principles (KNKG, 2006):

1. Composition, appointment and dismissal of members of the BoC;
 - Number of commissioners should be adjusted to the complexity of the company while maintaining effectiveness in decision making;
 - The BoC may consist of members who are not derived from an affiliated party, known as the Independent Commissioner and the Commissioner of the affiliated. This means the party that has an affiliated business relationship and kinship with the controlling shareholders, members of the BoD and the BoD, and with the company itself. Former members of the BoD, the BoC and the employees of affiliated companies, for a specified period included in the affiliated category;
 - The number of Independent Commissioners should be able to ensure that oversight mechanisms are working effectively and in accordance with legislation. One of the Independent Board of Commissioners should have an accounting or financial background;
 - Members of the BoC are appointed and dismissed by the GMS through a transparent process. For companies whose shares are listed on the stock exchange, SOEs or local companies that raise and manage public funds, companies with products or services used by the public, as well as companies that have a broad impact on the environment, the assessment process of prospective members of the BoC should be conducted prior to the GMS by the Nomination and Remuneration Committee. Independent

- Commissioner Election must consider the opinions of minority shareholders that could be channeled through the Nomination and Remuneration Committee;
- Dismissal of members of the BoC is conducted by the GMS based on reasonable fairly judgment and after the members of the BoC are given the opportunity to defend themselves.
2. Function of supervision of the BoC;
- The BoC may not participate in operational decisions. In the event that the BoC make decisions on matters specified statutes or regulations, the decision is made in its oversight function, so the decision of operations remains the responsibility of the BoD. The authority vested in the BoC is still being done in its function as a supervisor and adviser;
 - The BoC may impose sanctions on members of the BoD in the form of suspension if necessary for interest of the company with the provisions that should be followed up through the implementation of the GMS;
 - In the event of any vacancy in the BoD or in certain circumstances set forth by legislation and statutes, then the BoC will perform the functions of Directors;
 - In order to carry out its functions, members of the BoC should either jointly and/or individually be entitled to have access and obtain information about the company on time and complete;
 - The BoC must have rules and guidelines (charters) on performance of its duties that can be directed and effective and can be used as a performance evaluation tool.
3. Accountability of the BoC;
- The BoC in its function as supervisor presents their report on the management of the company by the directors. The supervision report of the BoC is part of the annual report submitted to the GMS for approval;
 - By giving approval through ratification of the annual report and financial report, the GMS is given a release and discharge to each member of the BoC as far as such matters are reflected in the annual report, without prejudice to the responsibility of each member of the BoC in the event of criminal acts and or omissions or errors that cause harm to third parties that cannot be satisfied with the company's assets;
 - Accountability of The BoC to the GMS is a manifestation of control over the management of corporate accountability in the implementation of GCG principles.

Methodology and Data

This research presents an analysis of corporate governance issue in SOEs from the BoC and the BoD's viewpoints. Therefore, this research used qualitative methods for data collection. It is also based on the perspective of scholars in analysing and explaining the impact of governance structure to the functions of BoC. A total of 19 in-depth, semi-structured interviews were taken from participants who, at that time, held a role as members of the BoC and the BoD, allowing participants to reveal their "real" views and perceptions. A purposive sampling approach is used to draw sample from relevant organisations. Furthermore, there are also attempted to affect snowball sampling when some participants suggested or introduced other relevant people with the same characteristics to participate in our research. Access to participant was ultimately through personal contacts.

The Impacts of Checks and Balances Mechanism to the Functions of the BoC in Indonesian SOEs

Based on the Indonesian governance model (shown in Figure 1), the relationship between BoC and the BoD may result in mechanism of checks and balances. The CBM is illustrated in Figure 2. This figure shows that the members of the BoC (shown by the circle) including the President Commissioner have equal responsibilities and similar duties and powers under the law. Meanwhile, the structure of the management (shown by the triangle) is hierarchal (shown by the classical pyramid inside the triangle) and led by the President Director. The President Director is the leader of management who has the highest power over the management as well as the person in charge for giving the report of accountability for the performance of the company to the AGMS.

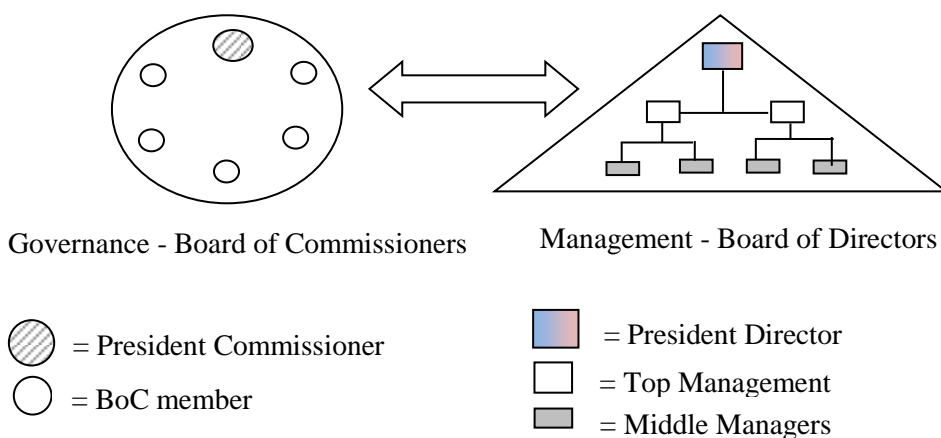


Figure 2. Checks and balances Mechanism In Indonesian Governance Model

The left and right arrow in Figure 2 shows that the BoC and the BoD are supposed to work as partners. It would appear that the BoC cannot fire the BoD and in certain circumstances the BoD needs the BoC's approval to establish the company's strategy and undertake a big project. The CBM is expected to reduce the possibility of the BoD or the BoC becoming the dominant actors in managing the business.

However, from the interviews, it seemed that the CBM was difficult to implement. Instead of establishing teamwork and balancing each other's (the BoC and the BoD) power, the implementation of CBM faced a number of barriers. First was the adjustment between the BoD and the BoC. Since the BoC and the BoD were supposed to work as partners; the adjustment between them is still important until today. However, according to some participants, during the adjustment, the BoD and the BoC usually had conflicting ideas. As one participant stated:

During the first year big conflicts occurred among BoC and BoD. In the second year the conflict became less and in the third year, we have already achieved some understanding.... The CBM will take a lot of time to create an ideal balance between BoC and BoD (V-MH-2).

The conflicts which appeared during the adjustment could create personal stress and jeopardize the relationship between the BoC and the BoD. Moreover, the long conflict increased the agency cost and the disagreements frequently occurred during decision-making. As one participant of members of the BoC noted:

The long conflicts between the BoC and the BoC will produce big expenses as well as generate no mutual trust between the two actors. However, as soon as differences are settled, they could become a great working team (V-MH-2).

Several participants from members of the BoC were aware of such conflict. They suggested that to prevent this conflict, the members of the BoC and the BoD should have similar perceptions, objectives and understanding of the direction of the SOEs. This is expressed in the following comment:

Since the very beginning, the BoC and BoD should have the same perspective in understanding the vision and mission of the company. They also should have no individual frictions in conducting their duties. Otherwise, the BoC and BoD will always have disagreement which would disadvantage the company (IX-EG-2).

However, very close relations between the BoC and the BoD can jeopardize the interest of shareholders since such relationship will open opportunity for collaborating to use company's asset for their own purposes.

The second barrier on CBM is the inequality of knowledge of the company such as the rules, management aspect, understanding of business risk and competitors between the BoC and the BoD. However, although most of participants acknowledge this equality, this study found that only a few members of the BoC had enough knowledge about the company. This unbalanced knowledge certainly would obstruct the BoD in managing the company as the BoD needs the BoC's approval for several decisions. As stated by one of the BoD members:

We need a BoC member who not just understands how to manage the company, but also comprehends the condition of the business. Else, it will obstruct our duties, especially when we need a quick decision as what happened frequently... (XIII-ID-5d).

The third barrier on CBM is information flow. To balance the functions of the BoD, the BoC needs as much information as the BoD. However, since the BoC are not involved in daily activities, the BoC usually possesses less information than the BoD. Although the code of GCG requires the BoD to give and updated information to the BoC, in practice, sometimes the BoD still hold back some information from the BoC. As one participant noticed:

I think there is some information held back by the BoD, For example: when the BoD asks the BoC's approval for new policies or certain projects, sometimes the BoD do not give full information to the BoC....(IV-MD-3).

This imbalance in information flow creates asymmetric information and in the future could jeopardize the sustainability of the SOEs.

All these barriers challenge the implementation of CBM in Indonesia. Their arguments may indicate that the CBM, in practice, is difficult to implement as it requires lengthy and correct adjustment or much common perspectives between the BoD and the BoC. One major challenge with this CBM is that the BoC cannot do their maximal function because their level is equal with BoD and they are not given mandate to dismiss BoD. Despite the fact that the BoC is supervisor of the BoC, it is crucial for members of the BoC to maintain relations based a desire to avoid conflict and preserve harmony.

Furthermore, beside the BoC do not have enough knowledge and current information for making strategic decision, they also do not have enough power to press the BoD to do their function based on the interest of shareholders. This finding is consistent with research conducted by Kirana and Habriansyah (2004) who argued that in final strategic decision making, the BoD frequently making the decision without considering any suggestions from the BoC. This things has put members of the BoC to

act like a “rubber stamp” rather than be actively involved in strategic decision making (Huang & Orr, 2007).

The findings in this study suggest that the current relationship between the BoC and the BoD as a result of Indonesian governance model does not fit to/with the condition of Indonesian SOEs. The CBM relationship which required the BoC work as partner with the BoD proved are not significant for the BoC to conduct their function. Monitoring function and balancing the work of the BoD may not fully apply if the position of the BoC is equal to the BoD. With special characteristics, Indonesian SOEs need different governance model in order to make the BoC become superior to the BoD. Therefore, this research suggests that the government should apply principle of “no one size fits all” for governance structure in Indonesia as like other developed countries. These arguments support Kamal (2008) and Syakroza’s (2002) findings which states that the government should apply a different governance model for Indonesian SOEs as the Indonesian model may not give enough power to the BoC. Furthermore, to lessen this challenge, it may need technical or implementation guidance written in the form of policies or other documents, particularly in managing the relationship between the BoC and the BoD. Current guidelines may seem not enough for the BoC to implement GCG in Indonesian SOEs.

Conclusions

This empirical study indicates that the CBM relationship as result of Indonesian governance model does not support the functions of BoC in conducting monitoring, control and strategic roles in Indonesian SOEs. The effectiveness of the CBM still causes many concerns. This study shows disappointing impact between partner relationship of the BoC and the BoD with monitoring the activities of the BoD. The long adjustment, unequal knowledge over the SOEs, and unbalance information flow find the most challenges issues over this CBM. Therefore, it may be better if Indonesian SOEs may implement a different governance model in their operations. However, the difficulty of doing so is associated with the uniqueness and application on the “one size fits all” principles of the Indonesian governance model for all types of organizations.

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THE PROSPEROUS JUSTICE PARTY: A CASE OF ISLAMIC PARTY IN A QUASI-SECULAR STATE¹

Ulla Fionna

Department of Indonesian Studies
The University of Sydney, Australia

Abstract

As the largest Muslim country in the world, Indonesia has become a significant case study for the dynamics political Islam. Political Islam has always played a role, but the importance of political Islam fluctuated alongside the preference of the ruling government and indeed its popularity. During the Sukarno (1945-1966) and Suharto years (1966-1998), the government only used political Islam to boost popularity when it needed to. Suharto even banned political parties from adopting Islam as an ideology, and imposed the national ideology (Pancasila or the five principles) as the sole ideology for political parties.

Restrictions and limitations were swept away by the 1998 reform with the ousting of Suharto. However, although Islam and political Islam resurfaced, none of the Islamic parties have managed to attract strong enough support for Islam to be a strong rival for secular parties. Rather, because of its historically dysfunctional role, the current parties have had to manage political Islam rather delicately. They often adopt other populist strategies – such as forming alliance with secular parties and emphasise non-Islamic activities on the ground to attract larger support.

This article analyses this trend by investigating Partai Keadilan Sejahtera (PKS, Prosperous Justice Party), a modern Islamic party that emphasises on *dakwah* (proselytisation). Analysing the streams (*aliran*) in Indonesian politics, this paper outlines the history and background of political Islam in Indonesia, in order to understand the difficulties and challenges that the PKS is currently facing, to achieve its goal of establishing an Islamic country. The focus of this article is the organisation and activities of PKS, at the central and grassroots level, to reveal how the party manoeuvre itself between fighting for an Islamic state and maintaining popularity. The paper argues that in PKS, its Islamic agenda has often had to take the backseat while populist outlook dominates its activities, as the demand to remain popular is strong.

More than a decade after democratic transition first took place in 1998, Indonesia's progress towards consolidation still presents difficult challenges for political parties. Although in general there is a free environment for the parties, there are still boundaries that they need to beware of, to succeed in elections and beyond. The most severe limitations has been shaped by the legacy of different streams of political thinking in Indonesia – in particular by how political Islam has been repeatedly denied a greater part in politics and how this has subsequently moulded the shape and contour of political Islam and Islamic parties.

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For Islamic parties, the challenge to maintain support in a quasi-secular society such as Indonesia comes from the overwhelmingly moderate Muslim population and how for most part of the post-independence Indonesia, the government had been fearful of the rise of political Islam. The Indonesian government have always demonstrated a strong tendency against political Islam and Islam was only utilise to gather support when it is needed. Such treatment has created an environment where it is difficult for Islamic parties to develop successfully. These challenges affect and are intensified by the pressure to choose the most efficient way to project an Islamic outlook that alienates as small number of people or groups as possible.

This research focuses on how a major Islamic party, the Prosperous Justice Party (PKS or Partai Keadilan Sejahtera) navigates itself for support in the environment described above, in a quasi-secular state such as Indonesia. The article aims to demonstrate that Islamic parties in Indonesia are forced to pick and choose the strategy to remain popular. At times, and quite often, this means abandoning their Islamic ideology. For PKS in particular, this has meant that they had to compromise a certain image that they had relied on, to maintain its position in Indonesian politics. To demonstrate these challenges, the article focuses on the different strategies that the PKS has adopted in its struggle to maintain its Islamic image yet endeavouring to extend popularity amongst the mostly secular-oriented politics.

‘*Aliran Politik*’ and Political Islam

To understand the circumstances facing Islamic political parties in Indonesia, it is crucial to look back at the history of *aliran politik* (political stream) and political Islam in the country. At the beginning of the history of political parties in the early 1920s, Islam played a crucial part in the emergence of some of the most prominent parties. Mass organisations such as Nahdatul Ulama (NU) and Muhammadiyah, each of which boasts several million members, were the bases of many if not most of Indonesia’s political parties. Prominent Islamic political parties such as Masyumi (Majelis Syura Indonesia, Council of Indonesian Muslim Associations), who came second in the 1955 election, had very close ties to the two mass organisations. Although the condition before and right after the Indonesian independence allowed the parties to grow rapidly, the parties’ influence was increasingly curbed in the years after the 1945 independence (Anderson 1972: 200-201, Feith 1962). This condition was also the case for Islamic parties.

Islam was one of the strongest aspects of *aliran politik* in the country. First developed by Geertz in his study of a Javanese society (1964), the concept essentially differentiated between the practice of religion and the daily life based in the world-view of three groups within the society – the *santri* (pious and devout Muslims), *abangan* (nominal Muslims whose life are strongly influenced by Hinduism and Javanese religion), and *priyayi* (aristocrats whose lives only minimally influenced by Islam). This classification was developed by Wertheim (1964: 195-235) to be ‘streams of political thinking’, and then by Feith and Castles (1970) to be classification of political parties as: radical nationalism, Javanese traditionalism, Islam, democratic socialism, and communism. The post independence political parties adopted one of these as a party

ideology. The free political atmosphere post the 1945 independence did not last long as the president dramatically put a stop to the constant conflict in the parliament by declaring the establishment of “Guided Democracy” in 1957 (Feith and Castles 1970: 81-83), which was marked by the jailing of several party leaders and banning of several parties.¹ President Sukarno at the time believed that the political freedom created too much room for conflicts among parties and thus the risk of instability became too high. Conflicts between *aliran* culminated in the alleged coup of 1965 by the PKI (Partai Komunis Indonesia – Indonesian Communist Party), where it was alleged that the party tried to stage a coup against the ruling government. Around this period, suspected communists were hunted down and killed all over the country – with some estimated the number of dead reaching two millions.

After Suharto took power in 1966, communism was banned, and the remaining party was forced to fuse into the only two – United Development Party (PPP, Partai Persatuan Pembangunan) and Indonesian Democratic Party (PDI, Partai Demokrasi Indonesia) allowed to compete in elections. The government gave a strong backing for the other contestant in the elections, Functional Group (Golkar, Golongan Karya). Islam was then banned as a party ideology, and only state ideology, Pancasila (lit. five principles) was allowed. Ufen notes that the conditions under which parties operate during the New Order era of 1966-1998 have weakened *aliran politik*, and that only nationalist and Islam could still maintain their influence – through organisations such as NU and Muhammadiyah and Islamic student organisations (2008: 12-13).

The end of the New Order era in 1998 was a crucial juncture for Indonesian parties. Parties regained freedom to choose any ideology, and they recaptured the freedom to connect with the grassroots. With these developments, *aliran politik* returned in the country, but with some new trends. Although Islamic parties were popular in the 1950s, they faced fierce competition from nationalist and communist parties (Baswedan 2004: 671). Ufen believes that the elections in the reform era have shown a different and weakened version of *aliran politik*, where there is ‘lack of meaningful political platforms’ (2008). Parties are now more interested in having popular leaders and emphasised on charisma, rather than developing attractive platforms (Fionna 2008). They are focused on gathering as many votes as possible during elections, while the function as a linkage between government and voters is no longer a priority. The conditions of Islamic parties are more intense as they try to juggle the Islamic image with the effort to maintain a broad support base.

Struggles and Opportunities

Essentially, the main challenge for Islamic political parties in Indonesia is to what extent can or should they project the image of Islam through their operation and activities. This is particularly delicate as there are a few crucial issues that Indonesian political Islam has had to deal with. These issues are captured perfectly by Baswedan,

who defined political Islam simply as ‘political aspirations and agendas ranging from the state’s moral foundation to policies it produces, including efforts to formally incorporate Syariah (Islamic law) into the Constitution and to promote government policies that are particularly supportive of progress for an empowerment of “Muslim” society’ (2004). The debate over Syariah is crucial because it can be seen to determine the degree of secularity that Indonesia will adopt.

Complication with the issue of Syariah stemmed from the first two presidents, Sukarno and Suharto, who demonstrated strong tendency against Islamic political groups, as has been explained briefly in an earlier part of this article. Although the alienation of Islam and political Islam was institutionalised further (in particular by debilitating the only Islamic party allowed), the New Order government also showed some Islam-friendly gestures such as passing Islamic Court Law, allowing Muslims students to wear *jilbab* (female head-covering), the closing down of tabloid newspaper (Monitor) on publication of a blasphemous article, the formation of Ikatan Cendekiawan Muslim Indonesia (ICMI, the Indonesia/Indonesian Muslim Intellectuals Association), and the establishment of an Islamic Bank (Suryadinata 1997: 194-195).

With the ideological freedom for the parties, the debate over Syariah was opened again, but the moderate Muslim majority government seems to succeed in drowning the issue away quite quickly, especially when public demand for it was quite limited. The issue, which had the potential to polarise opinions, ended up somewhat uniting the diverse opinions – to the opposite side. Consequently, instead of insisting the adoption of Syariah by the state, there is a greater willingness to accept that even without Syariah, Muslim aspirations can be achieved (Baswedan 2004: 678). Consequently and perhaps more importantly, government’s attitude against political Islam during New Order has created the ‘pluralism of political Islam’ (Baswedan 2004: 678), and this trend is clearly reflected in the attempt of the political parties to remain popular.

PKS: The Challenge to Strike the Right Balance

There are several major Islamic parties in the current Indonesian politics: the PPP, the Partai Bulan Bintang (PBB, Crescent Star Party), the Partai Kebangkitan Bangsa (PKB, National Awakening Party), the Partai Amanat Nasional (PAN, National Mandate Party), and the PKS. Baswedan (2004) also included Partai Golkar, formerly known as Golkar, as another major Islamic party because of its ‘response toward “Muslim” aspirations’, and ‘recruitment and leadership’ that are seen as closely Islam-oriented. His observation is supported by the choice of activities at the grassroots level that were clearly Islamic-oriented, such as regular *pengajian* or Quranic study session at the grassroots branches in Malang, East Java (Fionna 2008). Among these parties, the PKS represents a new breed of Islamic parties that is popular among urban middle-class and has an active and modern organisation – different than the more traditional outlook

of PPP which attracts more of the rural poor. The PKS' platform has reflected a very Islamic orientation, but the realisation of the platform has, in fact, been geared more towards pluralism and popularity.

PKS' Islamic Outlook

As a young party (established in 1998), PKS has demonstrated exceptional organisational capacity. Studies by Tomsa (2006), Machmudi (2005), Waluyo (2005), Furkon (2004), and Damanik (2002) have detailed at length the superiority of this party. Originally established as Partai Keadilan (PK, Justice Party) by young Muslim intellectuals, the party aimed to tap on the support for Islamic *dakwah* (proselytising). The failure to reach electoral threshold in 1999 forced the party to re-establish itself as Partai Keadilan Sejahtera in 2003, which recorded 7.34 percent of votes in 2004 election. At the central level, the party has been successful in projecting an image of a clean Islamic party, which aims to provide a worthy alternative amongst the existing parties.

This Islamic image is clearly demonstrated by the support of the party for Syariah. However, realisation of this support proved quite problematic. Although the party's vision clearly states its decision to uphold Syariah (Partai Keadilan Sejahtera 2006), party leaders have avoided stating this explicitly in their speeches. Stating preference for Syariah clearly, would possibly alienate some moderate Indonesian Muslims, who may want to vote for the party but do not favour the implementation of Syariah. Interview with a local Malang leader has revealed party's focus on projecting the right image to voters, as an indirect way to advance Syariah as an agenda. Rather than mentioning the word 'Syariah' he claimed instead that what the party attempted to do was to provide a clear alternative for voters. The leader explained that the way to do this is by projecting a positive and Islamic image to the voters, in order to persuade them to adopt an Islamic way in politics. His statement clearly demonstrates his conviction that he believes Islam is the only way for all aspects of life, including politics – yet he did not have to mention the word 'Syariah' at all.

Being an Islamic party, there is also another issue that PKS could have no other stand on – the anti-pornography law. The party has supported the campaign since the start and its supporters frequently staged mass demonstrations to show their support for the law. The party could boast this as an evidence of its success in promoting an Islamic agenda.

At the same time, party activities are also mostly Islamic. For instance, all of the activities in Malang were Islam-oriented. Some of the examples of party activities in Malang include a long march to encourage local Muslims to prepare for the coming of fasting month, and exhibition of caricatures of Muslim figures. The focus on young Muslims have been evidenced by carrying out an information session for young couples

who were getting married, while young Muslim students were also the focus of recruitment at Islamic schools (Fionna 2008).

The local branches in Malang have high priority in organising regular *pengajian* once or twice a month. These study groups also function as meetings for the grassroots cadres, and also the pillar of the party's *dakwah* movement. Because of the Islamic nature of these study groups, PKS has successfully masquerade its political agenda in them. The study groups have also been used to widen PKS' reach for recruitment. Local Muslims were invited to these *pengajian* as a showcase of party activity. The Islamic nature of these study groups was the main point of attraction that the party relies on to attract more members. Aside from being the materialisation of the party's *dakwah* movement, *pengajian* also contribute to maintaining the party's 'clean' image.

In order to attract young Muslim intellectuals, the party has chosen its Malang branches to be administered by Muslim students. The choice of young, computer-savvy, cadre volunteers has made Malang branches the only one among other major parties which has an active e-mail address. The dedication and commitment of these cadres have also ensured administrative matters to be handled effectively and swiftly. The dedication and commitment shown by the party's grassroots branches has been further demonstrated by its consistency in maintaining frequent, scheduled, and well-organised activities. The branches hold meetings frequently, as well as other activities, at least once a month. Although the framework of its activities is clearly Islam, the consistency in organising activities also serves to support its attempt to project the 'worthy alternative' image. The image is demonstrably strong priority in the party, at times, stronger than its Islamic image. Aside from commitment to stick as closely as possible to its scheduled activities, PKS' conviction to project a well-organised party is further evidenced by its Malang branches, where the party has demonstrated better organisation compared to the more mature parties.ⁱⁱ

The Complicated Balancing Act

Thus, on the surface, the party has been very successful in maintaining a clean image as a worthy alternative party for Muslims who wish to follow Islamic rules in every aspect of their lives. However, deeper investigation reveals the nuances of this balancing act even further. In essence, what the party does is really to strategise, pick and choose specific actions and statements, so that it could keep the Islamic and clean image, and yet still remaining popular and relevant to as many voters as possible.

One clear example of this is the party's choice of alliance and coalition. The multi-party system in Indonesia means that election-winning party very likely does not have enough votes to take control of government, and thus forming coalition with other parties is the obvious choice to obtain enough votes to do so. Similarly, for local

elections parties usually pair up their candidates with the ones from other party, in order to gather as many votes as possible. The PKS' votes at the national level of more than 7 percent in the 2009 election made it a very attractive ally for the other parties.

PKS, however, chose to ally itself with Partai Golkar at the national level, which is the successor of the former New Order government's, Golkar. This was a compromise that was made by the PKS, considering Golkar had strong reputation for vote-buying and manipulation to ensure its victories in elections during New Order era. Choosing this alliance may well be seen as compromising its clean and corruption-free image. However, it was strategic as Partai Golkar came out second in the 2009 election, and aligning itself with Partai Golkar would mean that PKS has a much better chance in having a more palpable influence in national politics – rather than only relying on the more limited number of votes and seats that it collected in the election.

At the local level, PKS demonstrates similar strategy by forming alliance with other parties that may have not positive image. At a local election for mayor of the city of Semarang in February 2010, PKS' candidate paired up with a candidate from Partai Gerindra (Gerakan Indonesia Raya, The Great Indonesian Movement Party). The party was aggressive in its campaign for the 2009 general election's campaign, but voters were wary of its leaders' reputation. In particular, its chairman, former ex-general Prabowo Subianto, a son-in-law of Suharto, whose role in the 1998 riots and mass killings casts doubts on the party's overall reputation.ⁱⁱⁱ Again, the decision on coalition partner was based on the most strategic partnership to form, and much less on defending and maintaining a certain image for the voters. The case in Semarang is not the only one of PKS-Gerindra coalition, as the two parties have also partnered on local elections in Depok as well.

PKS has also partnered with various other parties, including Partai Damai Sejahtera (PDS, Prosperous Peace Party) – the main Christian-based party in Indonesia, in local elections in the cities of Boyolali, Surabaya and Medan. The move has shocked many of the party's supporters. However, at the same time, it had also been seen as a bold and smart move to prove that it is an inclusive party that is open to co-operate even with party from another religion. The move to form coalition with PDS is a very interesting one to investigate. A party leader explains the move in the frame of PKS' paradigm, which enables it to form coalition with any 'broader elements in Indonesian society' (Machmudi 2008: 212). In a private interview, the leader even related it to Syariah and claimed that Syariah is 'not a hidden agenda or strategy but is a matter of belief. Syariah can be applied in our daily life by promoting good deeds and caring for other people' (Machmudi 2006: 212). This statement confirms the balance that PKS is striving to achieve, by not too outwardly and aggressively promoting Syariah, in order to still attract the sympathy and support of other groups of societies.

However, the balance has proven harder to maintain, as shown by the actions of its leaders. PKS' leaders have been known to be among the only ones (if not *the* only

ones) to demonstrate discipline when they were elected into the parliament. The party demands that members and leaders who are elected into parliament must give up either their party position or refuse the position that they were elected into. The party was the first who did this in Indonesia, whereas other parties usually let their members have dual positions – in the party and in government. PKS went further than that. For instance, Hidayat Nurwahid, a former chairman, famously campaigned for parliament members to refuse the luxury cars that came with their positions, after the 2004 elections. Such a campaign was unheard of in Indonesia where corruption was still rife and position in the government is seen as the surest and quickest way to personal wealth.

However, things have changed quite dramatically since then. The current deputy House speaker and PKS secretary-general, Anis Matta enjoys more than one luxury car that came with his position. He also recently married a second wife from Uzbekistan. Matta's junior, Fahri Hamzah, who is PKS deputy secretary-general also has a luxury car and frequently stays in first class accommodation when travelling. Their current living conditions are nothing like how they used to live as Islamist activist-cum-preacher – before they made it to be high-ranking party officials. Gone are the days of spending the nights at local mosques during trips.

At the same time, numerous allegations suggesting that party leaders have not been as clean and discipline as party regulation requires, have surfaced. Accusations of embezzlement, unauthorised polygamy, and authoritarian leadership, are threatening further electoral success for the party. Yusuf Supendi, a former legislator of the party, has reported the party leaders to the Corruption Eradication Commission in Jakarta on March this year. The lavish lifestyle that has been shown by the party leaders coupled with a string of graft allegations made by no less than senior PKS members have brought many questions about the party's clean image. Supendi accused PKS chairman Luthfi Hasan Ishaq of misusing donations from the Middle East for personal use when serving as the party's treasurer. The money was originally donated to supply for the 1999 election campaign funding. Supendi also alleged that PKS secretary general, Anis Matta, has embezzled 10 billion rupiah (about more than AUD 1.2 million) from the 40 billion rupiah campaign fund donated by Adang Darajatun to PKS during the Jakarta governorship race in 2006. There are also serious questions on the role of Hilmi Aminuddin, the chairman of PKS Religious Assembly (Majelis Syuro – the highest institution in the party with the greatest authority), who Supendi mentioned as the 'godfather' providing backup for crooked PKS officials. An investigation has revealed the extravagant wealth that Aminuddin has accumulated (The Jakarta Post 2011). Supendi has made a series of media appearances accusing Anis Matta and his deputy Mahfud Sidiq of committing 'unlawful' polygamy.

Supendi's accusations are serious. He underscored three problems plaguing the party's leaders: corruption, unauthorised polygamy as based by Islamic teachings, and

the role of Aminuddin as PKS' authoritarian and absolute leader. Supendi's allegation has a lot of weight in particular because he held several important posts in the party, such as: former deputy chairman of the party's sharia council (which functions as supervisor to ensure the attitudes of the party's officials and members comply with Islamic teachings), former chairman of the party's sharia tribunal (which handed out sanctions to members for violating Islamic regulations), and member of the Majelis Syuro.

His decision to go public with these allegations, although could be questionable because of the fact that he was fired by the party in 2010 for allegedly embezzling the party's fund; has rocked the party's reputation. He defended his decision to tell the media because his criticism was ignored by party leaders in 2004, and he hoped that taking the issue publicly would pressure the party leaders to change. He received support for these accusations from the party's other founders, such as Syamsul Balda (former PKS deputy chairman who left the party in 2003), Abu Ridha (senior PKS politician) and Tizar Zein (senior PKS politician who left the party in 2008).

According to Balda, these internal problems happened because the party was becoming more pragmatic in complying with the demand for large amounts of funds for party's activities (The Jakarta Post 2011). Balda pointed to Nur Mahmudi, a forestry minister during the Abdurrahman 'Gus Dur' Wahid administration (1999-2001) as further proof of corruption in the party. Mahmudi, who was supposed to lead against illegal logging, had actually issued more licences for forest concessions to businessmen. This treatment provided PKS with money to expand their organisation, and this was supported by some members of the Majelis Syuro. PKS' idealists were very unhappy with the way the party was handling these issues, and some of them left the party and others were eventually ousted during Aminuddin's term as chairman of the party's Majelis Syuro in 2004 (The Jakarta Post 2011).

Contradictory behaviour amongst leaders and former leaders like these, and internal conflicts such as ones being exposed, attracted a lot of attention among political observers. There has been a lot of speculation of how these contradictions will affect party's popularity, and success in elections. More importantly, they highlighted the difficulty of reaching and maintaining a balance strategy in a quasi-secular country like Indonesia. Although most Indonesians are moderate Muslims, Islamic party such as PKS, which has promised to keep an Islamic and clean image, was expected to do so. The case study of PKS here has shown that developing an organisation in a democratic transition in Indonesia, still rigged by corruption and money politics, has proven to be difficult to manoeuvre.

The Price of Balancing Islam and Popularity?

The initial success of PKS in Indonesia's democratic transition has proven that Islam and democracy can indeed mix – this is an answer to a long-standing question

that has been asked by scholars and politicians. PKS has shown that even in an overwhelmingly moderate Indonesia, an Islamic party does have its attractiveness, and has been able to convince a lot of voters and even play an important part in national politics. It has done so by showcasing superiority in its organisation, and being impressive in consistency in maintaining a clean and Islamic image. However, it has taken a lot of effort in balancing its Islamic image with the demand of a quasi-secular democratic transition.

This balance is currently under a lot of stress. Organisationally, PKS has shown that a young party can rival the prowess of more mature parties and develop strong network that extends beyond national politics to the grassroots branches. This has been the pillar of strength for the party, particularly because it has enabled continuous and active branches at the grassroots – which is crucial in maintaining existence and support. This pillar used to be supported by another pillar, which is PKS' solid reputation as an Islamic party that is a worthy alternative to the existing parties because of it is clean and not corrupt.

PKS' reputation is currently being tested. The constant questioning over how committed and consistent the party to and with Islam really is, has rocked the party's reputation. Although the allegations have not been proven, and questions have been raised about the motivation of bringing the issues to the public; it has certainly cast doubt about how clean and how worthy as an alternative PKS really is. If its internal dealings are no different than other parties, than the party really needs to find a way to restore party reputation. The only 'weapon' that the party has in its struggle in a quasi-secular community is to convince voters that it is unique and worthy. At the moment, the weapon is losing power.

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Notes:

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- ⁱ The Partai Sosialis Indonesia (PSI, Indonesian Socialist Party) and a strong Islamic party, Masyumi, were banned in 1960. Many of their leaders were arrested in 1962 (Ufen 2008: 10).
 - ⁱⁱ Other more mature parties, such as Partai Demokrasi Indonesia Perjuangan (PDIP, Indonesian Democratic Party Struggle), could not even maintain active branches. Its kodya Malang branch was pad-locked most days.
 - ⁱⁱⁱ Prabowo repeatedly denied allegations that he ordered the killings of four Trisakti University students, but his military position at that time indicated that he must have some level of knowledge of the incident.

TECHNICAL AND SOCIO-TECHNICAL ASPECTS IN SYSTEMS ENGINEERING PRACTICES: CHALLENGES AND SOLUTIONS FOR INDONESIAN EXPATRIATE ENGINEERS

Ika S. Windiarti

Faculty of Engineering, Tridharma University, Balikpapan, East Kalimantan, Indonesia
Defence and Systems Institute (DASI), University of South Australia, Australia

Abstract

Globalization stimulates distribution of people to work in other countries. Engineer is one of the professions that allow people to work globally. Engineering projects around the world are performed by people from different countries with different cultural backgrounds which results in diversity in project teamwork. Based on Indonesian expatriate engineers' experiences, cultural adaptation in the workplace is an issue that needs to be resolved because of limitations of their cross-cultural abilities. The skill of engineers to manage and work in diverse cultural background teams influences the effectiveness of engineering projects. In this research we interviewed 18 Indonesian engineers who work outside Indonesia in multicultural project teams about the implementation of systems engineering practices in their project or company with respect to their cross-cultural perception. The paper provides a solution framework for Indonesian expatriate engineers in the technical and social aspects of systems engineering practices to promote improved engineering project performance. This paper reports the elements of the specific needs of Indonesian engineers working off-shore with respect to cross-cultural abilities. The recommendations from this research could be used to assist pre-departure, in-house, or specific project education and training.

Keywords: cross-cultural communication; Indonesian engineer; multicultural; Systems Engineering

Introduction

Systems engineering practices implement systems engineering techniques in the development of all kinds of systems. Systems engineering practices were used in various types of industries, such as defense, electronics, civil engineering, and others. Systems engineering provides an integrated solution to the problem of achieving the most appropriate product which includes the coordination of the work required (Ferris, 2006).

Successful engineering projects are achieved when there is a balance of all factors required to deliver an holistically suitable solution to the need (Lawson, 2005). As part of the social aspect of developing the project, the complexity of the 'people' factor in systems engineering practices includes the diverse cultural characteristics and background of the project team. Systems engineering techniques relate to the system's

life cycle and, generally, are a series of activities including requirement elicitation, analysis and verification, design, review and planning, production/construction, system verification and validation, operational use, system support and control, and disposal (Blanchard and Fabrycky, 1998, Oliver et al., 1997, IEEE, 1999, ISO/IEC 15288, 2008).

The ability of the engineers to manage and work in these cross-cultural teams influences the effectiveness of the engineering projects. The paper aims to develop a solution framework for Indonesian expatriate engineers in technical and social aspects of systems engineering practices to promote improved engineering project performance. This paper reports the elements of the specific needs of Indonesian engineers working off-shore with respect to cross-cultural abilities. The recommendations from this research could be used to assist pre-departure, in-house, or specific project education and training.

Methodology

2.1. Sampling Method and Questionnaire

The population sampling process used was purposive sampling. The interviewees were invited to participate because they represented Indonesian engineers working in other countries with over six months experience in the other country. The participants were found using social networking and professional society membership. A deliberate effort was made to obtain participants from a variety of countries to which many Indonesian engineers travel for work. Potential research subjects were contacted by email and phone to describe the research and to offer the opportunity to contribute to this study. Before the interviews were conducted the prospective subjects were sent an information sheet and consent form, and interviews were only conducted after receipt of a signed consent form.

The questionnaire used in this study contained both closed and opened-ended questions. The open-ended questions were designed to elicit detailed descriptions to identify the participants' experience and knowledge associated with the research topic. To accommodate the subjects' diverse locations interviews were conducted face-to-face including audio recording, by telephone, live chat and text chat methods.

2.2. Research Participants

This research was conducted by interviewing 18 research participants consisting of 14 male and 4 female engineers. The interviews were conducted from September to December 2010.

The research subjects are Indonesian expatriate engineers in different countries working in diverse engineering projects. The participation criteria are: an engineer with Indonesian cultural background; working in an engineering project or company, either under permanent or temporary contract; and working outside Indonesia. Six engineers were 30-34 years old, 10 were 35-40 years old and 2 engineers were 40+ years old.

Proportions of participants by country of employment are shown in Fig. 1. Research participants based on type of industry shown in Fig. 2.

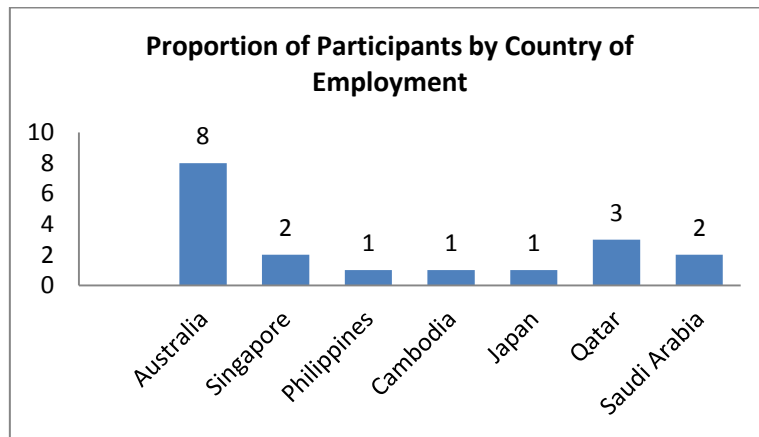


Fig 1. Proportions of participants by country of employment

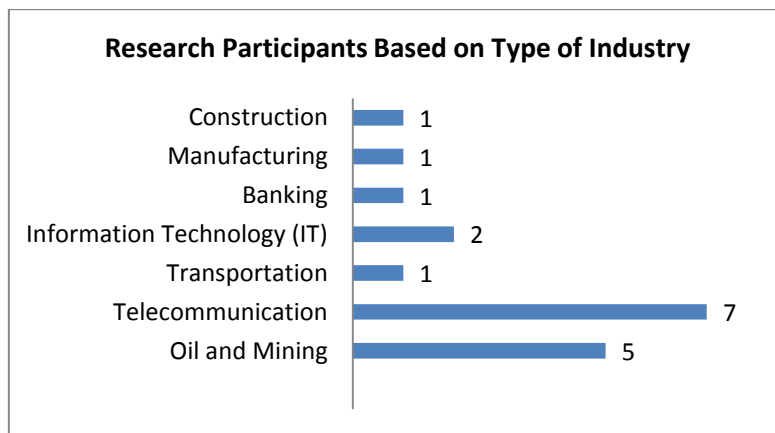


Fig 2. Research participants based on type of industry

Technical and Socio-Technical Aspects of SE Practices

3. 1. Elements of Systems Engineering Processes

Systems engineering proposes an integrated solution both in technical and social parameters of the product including its environment and expected facts following it, as well as the coordination of the people's work (Ferris, 2006).

The successful engineering projects determined by a balance between technical processes and social factors of the project (Lawson, 2005). Technical aspects include hardware and software design, product and/or service delivery, budgeting and project documentation. And social aspects include environment, people, and other surrounding circumstances.

As part of the social parameter, “people” influenced by some factors, one of them is cultural characteristic of people. Cultural characteristic is concerned with people’s practices of everyday life in a given culture. Cultural characteristic of people is one of the forms of capital, besides economic and social capital (Bourdieu, 1986). Cultural capital is associated with culture influences and achievement.

Bourdieu proposed forms of capital which are economic, cultural, and social capital (Bourdieu, 1986). Economic capital is related to money and property asset. Cultural capital is associated with culture influences and achievement, for instance educational qualifications. And social capital is related to social status in the society. Cultural capital divided in three types that are embodied, objectified, and institutionalized state.

Configuring the theoretical view of the nature of System Engineering, those processes are involving two main components, which are technical and social aspects. Technical aspects comprise hardware and software design, product and/or service delivery, budgeting and project documentation. And social aspects include environment, people, and other surrounding circumstances.

People in system engineering are being encouraged to be creative in system design and to be logic in decision making. Stevens et.al. (1998) stated that teamwork in system engineering needs “visionaries, investors, makers, negotiators, organizers and implementers at different stages”.

3. 2. Indonesian Expatriate Engineers’ Cross-Cultural Experience

Indonesian national culture is a type of Asian culture which is group oriented or collectivist (Hofstede, 1983). Asian cultures typically are collectivist cultures where individuals act with the primary purpose of enhancing the welfare of their family or group and then the nation and their work or project (Hofstede, 1983, Blackwell, 2010, Romer, 1997). On the other hand, western cultures are identified as individualist, where action choices do not depend on their society.

There are particular problems identified in the interaction between Asian and Western cultures. Western culture refers to culture of countries that have a European heritage or history. Prime examples of western countries are The USA, The UK, France and Australia. Western management style typically emphasizes objectivity, flexibility, awareness of risk, and independence in decision making (Wood et al., 2008, Pant et al., 1996). Also, there is a relatively low preference for conformity and low power orientation. In collectivist cultures, managers primarily focus upon group, rather than individual, performance and managers aim to maintain good relationships with workers to provide a good image rather than work quality (Wood et al., 2008).

All the participants were in a culturally diverse environment, but only half had previous job experience in a cross-cultural situation. Those who had familiarity with a multicultural work environment found that cross-cultural adaptation in their workplace

was not a major challenge for work performance. They found that the multicultural team helped them to complement each other to the benefit of project achievement and quality. These findings are supported by Page's argument that diversity in project team leads to improved outcomes (Page, 2007).

People who work in a place different than their culture of origin need to develop their cross-cultural abilities. Those with good adaptability will easily merge with their working environment. But there is the possibility of improper and undesirable behavior by people working in another cultural context (Selmer et al., 1998).

In some cases the limited cross-cultural ability of engineers may reduce project performance rather than lead to improvement. About 50% of the engineers interviewed were having their first experience of cross-cultural work. It was found that communication is the main problem experienced in cross cultural adaptation. This problem happened because of the differences in career experience, first language, and personal communication style. Both personal and situational factors affect the communication style between engineers (Tenopir and King, 2004). Personal factors include educational level and background, career stage, age, and personality. The situational factors include the nature of work, peer communities and the mode and medium of communication used.

Several factors were identified as influencing systems engineering practices in culturally diverse project teams. These factors include cross-cultural communication in the multicultural work team, conflict management and decision making, and knowledge sharing.

This paper reports that the cross-cultural communication ability of engineers influenced their preferred communication style with their colleagues, which affects the performance of the engineering project. Other results from this study are that their perception of authority in the engineering project team contributed to the engineer's performance in the whole set of Systems Engineering processes.

Discussions

The discussions in this paper will be divided into three parts containing three solutions of the cross-cultural ability that are communication, leadership and technology transfer. The category of solutions is based on the interview result of this study that the engineers found that these three issues were the common issues happened in the cross-cultural adaptation process of their work.

4.1. Communication

Communication style is one aspect of cross-cultural ability. There are two variables in the communication style between engineers; personal and situational factors (Tenopir and King, 2004). Personal factors include educational background, career stage, demographics, and personality style. The situational factors include the nature of the work, peer communities, and communication mode properties.

The research participants were asked whether or not the group members can communicate effectively. Our focus is on their communication style and their confidence in discussion. Most of the engineers stated that the communication in their team is well arranged. The meetings are conducted daily or weekly, depending on project size. One engineer is appointed as a leader in the discussions. These interviews found some obstacles in communication in project planning within a multicultural team.

Indonesian engineers assume that they lack ability in language and have an accent causing less self confidence in open discussion. They feel that when they offer ideas in the discussion the other members cannot understand what they said. Others said that their colleagues wrongly understood their ideas.

Even though I realized that my proficiency in the project work is the same or even higher than the other project team members, in the open discussion, I feel less confident to offer my ideas because I am afraid the difference of my accent and language ability could cause misinterpretation among them. (E6A2/RAUOM)

Our research points out that the preferred form of communication in multicultural teamwork is via emailed text or graphics in preparation for direct discussion. Some engineers argued that misunderstanding and misinterpretation between team members often occurred in direct communication, as explained in this interview quote:

I prefer to send an email about a particular topic that I want to discuss with my colleagues, then after ensuring that they understand what I mean, I bring the problem to the meeting. I am afraid that if I talk straight-away I will cause a misunderstanding, because there are differences in language, accent and body language. (E2A3/RAUOM)

This interview shows that these problems arise because of differences in language, accent, speaking style, and body language. For simpler topics, direct communication was not a problem.

Most of the engineers explained that they feel comfortable communicating with their manager about work and personal topics. Using his or her observations, the manager takes a different approach with each team member with diverse cultural background. This also happened when the engineers communicate with their subordinates, they apply different approaches to communicate with them associated with their cultural backgrounds.

It was found that in the process of cross-cultural adaptation, workmates influenced the engineers. People originally from the host country contribute to an acceleration of cross-cultural understanding among the project team members. Some engineers explain this as follows:

My colleague who comes from this country helped me to better understand local culture, especially culture at work, how to interact with local clients, as well as how to understand colleagues within the project team. (E8A2/RMETL)

In a meeting, I was arguing with the user because the user did not understand

what I meant in my explanation, but fortunately my boss who also participated in these meetings helped me to explain it. Finally the user understood what I meant, with the help of my boss. (E7A2/RAU-IT)

The engineers explained that in the first month of their employment the company arranged a lighter workload in order to give the new employee better understanding and performance in the engineering project. The work partners frequently supervise and give assistance in the project.

Surprisingly, in project teamwork without local engineers, the other project members are less helpful in terms of cross-cultural adaptation. The reason for this is that almost all the project team members presumed that every new engineer would have their own ability to adapt to the local culture and work environment. The other expatriate engineers, from countries other than Indonesia, believed that all the expatriates should be prepared for whatever happened in the cross-cultural adaptation process in the host country. They also did not feel confident to describe the host culture to another person.

My team has no local engineers. This situation makes the assumption amongst the engineers that everyone has cross-cultural ability and needs no assistance. (E14A2/RMETL)

In fact, each person's cross-cultural adaptation ability is different. Some engineers need longer than others to adjust to the local culture and workplace situation.

4.2. Leadership

System engineering processes involve the coordination of people's work in some different level of job description. The elements of the teamwork are managers and subordinates. Foreign owned companies or multinational ones could have managers and staffs from different cultural backgrounds. This is where cross-cultural leadership takes place.

Cross-cultural leadership is needed when the interaction between elements in project teamwork comes from different countries with their own cultural concerns.

Barber and Pittaway (2000) offer a model on expatriate management in relation with cross-cultural dimensions that the management of expatriate working in certain companies will have a direct impact on the operational performance also indirect impact on service and business performance of the companies.

The management of conflict and Decision making are also issues in the Human Resource Management Process. It was found that normally a project leader managed conflict based on the uniqueness of each individual.

As project leader, I realized that my subordinates have the uniqueness of each according to their cultural background. Therefore, I always resolve the conflict in my project team by organizing my approach to each individual. (E1A2/RASMA)

Unexpectedly, one of the engineers reveals that he should act very thoughtfully especially when dealing with conflict between two subordinate from different cultural backgrounds and nationalities. If he failed to treat both sides appropriately, instead of solving the problem, he could leads inflame it.

I have dealt with a dispute between two of my subordinates, they are from different nationalities and cultural backgrounds. In this case I must be very careful, because if I take wrong action, it will cause new problems. Conflict can be more complicated and the project performance is affected. (E11A2/RASTL)

Decision making processes in the cross cultural working environment are related to cross-cultural leadership. Cross-cultural leadership is needed for teams coming from different countries with their own cultural characteristics. There are two major aspects in cross-cultural leadership (Suutari et al., 2002). The first aspect is the manager's adjustment of their leadership style when they engaged with subordinates of different cultural backgrounds. However, the accomplishment of this aspect varies, based on individual experience and style. Those who have cross-cultural leadership competencies will simply change their style of manager-subordinate interaction. The second aspect of cross-cultural leadership is the subordinates' acknowledgment of the manager's adjustment of leadership style (Suutari et al., 2002). In this aspect the subordinates recognize the adjustments that the manager has made. This aspect is more individually focused on the subordinates' interpersonal communication skills.

4.3. Technology Transfer

How to obtain the technology and how to implement this technology to improve economic and social conditions? That is a big problem for some developing countries. In China, the education and engineering cultures prevent the development of creativity needed to compete globally (Li-Hua and Khalil, 2006). The most reasonable solution is attaining technology from international sources by preparing the infrastructure, the business environment and the human resources needed to absorb the transferred technology.

People from a collectivism culture tend to have a prevention of being in a different way with other culturally different background people in order to minimize of making faults and feeling uncomfortable (Tao, 2010). This kind of behavior leads to be an obstacle in technology transfer process. However, people from India, where English is commonly used in academic purposes, they feel comfortably in learning technology particularly among scientific and technical professionals, which may be able to promote the successful process of technology transfer (Varma, 2007).

The research conducted by Wood et al. (2008) has acknowledged that for minimizing the gap between Western and Indonesian cultural differences, one of the solution is giving education or training. Wood recommends that for Indonesia, training to improve the workers productivity is needed, and for Western communities, education

about understanding local cultures, customs, worker needs and appropriate management style is needed.

People from a collectivist culture tend to be inhibited from being different from others in order to minimize making errors and feeling uncomfortable (Tao, 2010). This inhibition is an obstacle in the technology transfer process. However, people from countries where English is commonly used for academic purposes feel comfortable in learning technology, which may assist successful technology transfer (Varma, 2007).

Based on the interviews, it was found that to decrease the impact of the gap between Western and Indonesian culture, education or training is likely to be useful (Wood et al., 2008).

When I first came to Australia, it was my first experience working in a multicultural work environment. Even though my previous boss in Indonesia was from England, my work mates were Indonesian. I wish I had a short training about how I interact and working together in this situation. (E3A2/RAUOM)

My working experience here in Australia was always full of surprises, for example how people treat the subordinate here, was very different with my experience in Indonesia. I was thinking this is just because I have not received cross cultural training in Indonesia or in Australia before I commenced my work. (E15A2/RAUTR)

Some interviewees who have two or more cross-cultural work environment experiences found their second adjustment much easier than their first because they learned from their first experience. That fact is the evidence to support the value of cross-cultural education or training.

I was working in another country before I moved here. So my second experience working in multicultural environment was not as hard as the first one. I was prepared to face any problem in cultural differences better in my current job rather than the first one. (E11A2/RASTL)

Our research indicates that training or education is needed for Indonesian engineers and host country engineers. It is recommended that for Indonesia, training to improve workers' productivity is needed, and for the host country, for example Western communities, education about understanding local cultures, customs, worker needs and appropriate management styles is needed.

I am thinking maybe Australian or Western cultural background people also needed the cross-cultural training. This is beneficial to prepare them before they cooperate with people with different cultural background. That is my experience. (E16A3/RAUOM)

In the employment process the expatriate needs pre-departure training sessions for work, interaction and general adjustments such as the development of cross-cultural, language, verbal and non-verbal communication, cultural sensitivity and field experience skill (Vance and Paik, 2002, Waxin and Panaccio, 2005). Our findings through our interviews corroborate with the findings of these earlier workers and add considerable detail.

Conclusions

Systems engineering processes performed by Indonesian expatriate engineers in various engineering projects are influenced by the cross-cultural experience of the engineers. The process of cross-cultural adaptation of the engineers affects their perception of most of the activities in the systems engineering processes.

The paper states that the challenge in the application of Systems Engineering in the technical aspects and socio-technical aspects are categorized into 3 (three) major problem that is communication, leadership, and technology transfer. Then the solution to these problems according to the interview of our research is cross-cultural communication skills, cross-cultural leadership and the transfer of technology with educational training and cross-cultural.

Engineers suggested that communication skills are a tool to successful engineering project performance. Indonesian engineers working outside Indonesia should enrich their competency with communication skills and language proficiency.

Finally, engineering project cross-cultural training for Indonesian engineers and local engineers needs to be conducted to support adaptation in a multicultural working environment. This research aims to assist development of a culturally cognizant training model to be used as supplementary content in the Systems Engineering curriculum in formal education leading to university awards.

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AUTHOR

| | |
|---------------|---------------------------------|
| Author | : Andriani Kusumawati |
| Education | |
| Bachelor | : Brawijaya University |
| Master | : Brawijaya University |
| Phd | : University of Wollongong |
| Contact | : andriani_kusumawati@yahoo.com |

==

| | |
|---------------|-----------------------------|
| Author | : Johanes Herlijanto |
| Education | |
| Bachelor | : University of Indonesia |
| Master | : University of Indonesia |
| Phd | : Macquarie University |
| Contact | : jherlijanto@gmail.com |

==

| | |
|---------------|----------------------------|
| Author | : Usep Suhud |
| Education | |
| Bachelor | : Jakarta State University |
| Master | : University of Indonesia |
| Phd | : Edith Cowan University |
| Contact | : usuhud@our.ecu.edu.au |

==

| | |
|---------------|--------------------------------------|
| Author | : Denni Indrayanto Arli |
| Education | |
| Bachelor | : Petra Christian University |
| Master | : St. Mary's University of Minnesota |
| Phd | : University of New South Wales |
| Contact | : denni.indrayanto.arli@gmail.com |

==

| | |
|---------------|-----------------------------|
| Author | : Pranoto Effendi |
| Education | |
| Bachelor | : Newcastle University |
| Master | : University of Indonesia |
| Phd | : Federation University |
| Contact | : pranoto.effendi@gmail.com |

==

| | |
|---------------|----------------------------|
| Author | : Synthia Atas Sari |
| Education | |
| Bachelor | : Padjajaran University |
| Master | : University of Indonesia |
| Phd | : University of Canberra |
| Contact | : synthiaasa2598@yahoo.com |

==

| | |
|---------------|-----------------------------|
| Author | : Ulla Fionna |
| Education | |
| Bachelor | : Airlangga University |
| Master | : University of Warwick |
| Phd | : University of Sydney |
| Contact | : ulla.fionna@sydney.edu.au |

==

| | |
|---------------|---------------------------------|
| Author | : Ika Safitri Windiarti |
| Education | |
| Bachelor | : Gadjah Mada University |
| Master | : The University of Adelaide |
| Phd | : University of South Australia |
| Contact | : ikasafitri@yahoo.com |