
TRIKONOMIKA
Economic Journal

Volume 17, No. 1, June 2018

EDITOR IN CHIEF

Ellen Rusliati

MANAGING EDITOR

Mulyaningrum

EDITORIAL BOARDS

Abdul Maqin, University of Pasundan
Juanim, University of Pasundan
Atty Tri Juniarti, University of Pasundan
Ardi Gunardi, University of Pasundan
Atang Hermawan, University of Pasundan

LAYOUTER

Diki Achmad

WEBSITE/IT

Irvan Fansuri
Rafi Alfian

PUBLISHER

Books and Journals Publishers
Faculty of Economics, University of Pasundan
in Cooperation with ISEI Bandung

Trikonomika published first in 2000, an economic journal articles presenting research results and the latest conceptual ideas that include Economics, Accounting and Management. Trikonomika published twice a year that is June and December. Start from Volume 14, No. 2, December 2015 published in English.

Editorial Address: Jl. Tamansari No. 6-8 Bandung - 40116. Tel. 022-4233646, Fax. 022-4208363 Website: jurnal.fe.unpas.ac.id, E-mail: trikonomika@jurnal.unpas.ac.id
Printing: Books and Journals Publisher Faculty of Economics, University of Pasundan
For subscription and purchase information can contact the editors.

REVIEWERS ACKNOWLEDGEMENT

Thanks and appreciation to the experts who have been reviews Trikonomika Journal Volume 17, No. 1 June 2018. The following is a list of names participating partners:

- Azhar Affandi, *Universitas Pasundan*, Bandung, Indonesia, Scopus ID: 57189332798
 - Jaja Suteja, University of Pasundan, Scopus ID: 57190028247
 - Aldrin Herwany, Universitas Padjadjaran, Scopus ID: 36815920800
 - Horas Djulius, Universitas Pasundan, Scopus ID: 57193535048
 - Suliyanto, Jendral Sudirman University, Scopus ID: 55037259400
 - Boon Cheong Chew, University Teknikal Malaysia Melaka, Scopus ID: 56785522400
 - Doni Purnama Alamsyah, Universitas BSI, Scopus ID: 56119114400
 - Iwan Nugroho, Universitas Widyagama Malang
-

Table of Content

Trikonomika, Volume 17, No. 1, June 2018

The Impact of MacroPrudential Policy on Banking Sector in Indonesia <i>Feny P. Emyliani, Dwi Wulandari, Bagus S. Narmaditya, Siti Rosnita Binti Sakarji</i>	1-6
Knowledge Sharing Activities in The Organization of Regional Supreme Product Manager <i>Bayu Indra Setia, Yana R. Hadiat, Annisa Adha Minaryanti</i>	7-13
The Impact of Tourism to Socio Culture and Economy of Community in Panusupan Purbalingga <i>Agung Edi Rustanto, Donny Oktavian Syah</i>	14-19
Feasibility Study of Religion Tourism Business for The Young People <i>Apriliana Lailatul Nur Sahita, Tina Melinda</i>	20-27
Information Security Assessment Using ISO/IEC 27001:2013 Standard on Government Institution <i>Akmal Zaifullah Maingak, Candiwan, Listyo Dwi Harsono</i>	28-37
Factors that Affect The Financing Volume in the Sharia Commercial Banks <i>Maya Indriastuti, Indri Kartika</i>	38-42

HALAMAN SENGAJA DIKOSONGKAN

MACROPRUDENTIAL POLICY ON BANKING SECTOR IN INDONESIA

¹Feny Putri Emyliani

²Dwi Wulandari

dwi.wulandari.fe@um.ac.id

⁴Bagus Shandy Narmaditya

Faculty of Economics, Universitas Negeri Malang
Jl. Semarang No.5, Kota Malang 65145, Indonesia

³Siti Rosnita Binti Sakarji

Universiti Teknologi MARA (UiTM) Melaka
Kampus Alor Gajah, Km 26 Jalan Lendu, 78000 Alor Gajah, Melaka, Malaysia

received: 27/03/18; revised: 02/05/18; published: 27/06/18

Abstract

This study investigates the implementation of macroprudential policy on banking sector and society. The research applied a descriptive analysis by using an in-depth interview with Bank Indonesia, representative of commercial bank, and society. The result showed that macroprudential policy has no impact on individual, but it had an impact on industrial banking specifically on bank credit lending which caused by LTV regulation. The society responses to the LTV policy is that the majority do not object to the imposition of a maximum limit for housing credit enacted by bank because of the relatively long credit period. Furthermore, another instrument of macroprudential such as GWM-LFR does not have an impact on banking sector and society but capital buffer instrument assuming a sluggish economy condition is assessed to have an impact on lending by banks.

Keywords: capital buffer; macroprudential policy; LTV; GWM-LFR

INTRODUCTION

The implementation of macroprudential policy in Indonesia is a consequence of the economic crisis in the past. The economic crisis in 1998 due to the decreasing number of investor's trust and spread to other sectors such as financial and banking sectors. The biggest point of the economic crisis in Indonesia involved larger number of banks declared as failed banks and decreased trust from society (Syafi'i & Ruslina, 2016; Suteja & Ginting, 2017). The worst condition happens when they withdraw funds simultaneously in a huge amount that caused lack of liquidity of bank and create a shock in a financial system. Macroprudential policy is formed for the stability of financial system purpose (Vucinic, 2016). Galati & Moessner (2011) explained that macroprudential policy has a purpose to limit the risk and cost from systemic crisis. Macroprudential policy simply is the implementation of prudential principles in financial system to maintain the balance between macroeconomics and microeconomics goals (Bank Indonesia, 2016).

More specifically, macroprudential policy have two main objectives which are strengthen the resilience of the financial system, and actively limit the build-

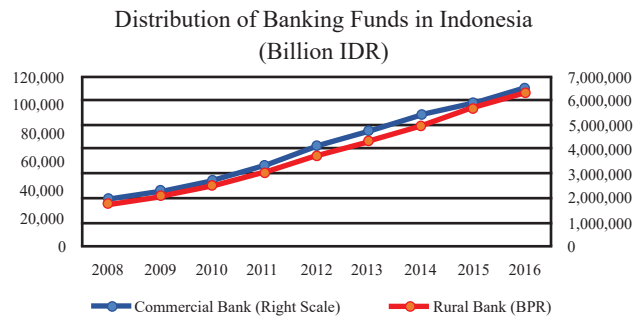
up of systemic financial risks (Gadanecz & Jayaram, 2015). Furthermore, Vergara (2015) mentioned that macroprudential policy is a policy aimed at preserving financial stability. Macroprudential instruments are typically introduced with the objective of reducing systemic risk, either over time or across institutions and markets. Countries use a variety of tools, including credit-related, liquidity-related, and capital-related measures to address such risks, and the choice of instruments often depends on countries' degree of economic and financial development, exchange rate regime, and vulnerability to certain shocks. Countries often use these instruments in combination rather than simply use them to complement other macroeconomic policies, and adjust them counter cyclically so that they act in the same way as automatic stabilizers (Lim et al., 2011). Meanwhile, Bruno & Hyun (2013) explained that macroprudential instruments are aimed at first, the procyclical behavior of the financial system and second, the common exposure in which the instrument is used as a prudential rule on each banking institution.

The implementation of macroprudential policy in several countries has given significant impact. The country among them is Latin America where central

banks proactively used Reserve Requirements (RRs) with countercyclical behavior to manage credit cycle and liquidity in maintaining financial system stability (Tovar, Escribano & Martin, 2012). In South Korea, based on Bruno & Shin (2014) research, the Korean government has introduced a new macroprudential policy to improve capital flows and financial stability. The result both of them found that capital flows to Korea became less sensitive to global factor after the implementation of macroprudential policy. The other research conducted by Lee, Asunccion & Kim (2015), found that there is two significant discoveries appears, generally, macroprudential policy indeed can stimulate financial stability in Asia.

Various types of macroprudential policy are more effective to many kinds of macroeconomic risks. Some of the analysis results are People's Republic of China stated RC Bank and Chinese Banking Regulatory Commission launch macroprudential instrument simultaneously and the result shows strict macroprudential related to credit can decrease credit expansion quickly and slowly reduce the increase in house price but it does not affect the growth of leverage. The result of LTV policy to property prices has more noticeable effect than leverage and credit growth. In Hong Kong, China higher transaction tax collected by government apparently more effective in hampering house demand and restraining the growth of house prices. However, both of these policies occurred in short-term.

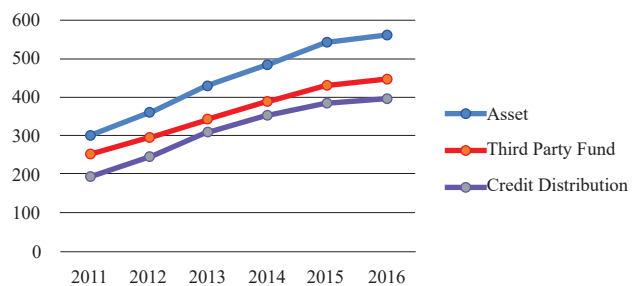
The third place of developing country is Thailand with its tendency to restrict macroprudential. As the result, policies related to credit is judged to have small impacts in increasing house price, it has no significant effect on credit but has direct impact on leverage. Claessens, Ghosh & Mihet (2014) also gives the result that steps to increase the growth of banking assets is found, there is confirmation in Debt to Income Ratio (DTI) and LTV for borrowers while there is limitation in credit growth and foreign exchange currency for financial institutions. In the other hand, Capital Buffer has small impact in assets growth. In Indonesia, there are numerous studies related to macroeconomic policy such as Swaningrum & Hariawan (2014) showed that LTV and GWM LDR variables have not effectively resolve credit pro cyclical in banking. In addition, Qudrati & Suriani (2016) remarked that macroprudential policy instrument implemented by Bank Indonesia affects the risk of nonperforming loans. Macroprudential policy in Indonesia directed to control lending and macroprudential instrument which targeting capital and lending sides. This is the performance of bank lending and after the implementation of Indonesian macroprudential policy in terms of local banking point of view in Figure 1 and national industrial banking (See Figure 2).



Source: Regional Economic Studies in East Java

Figure 1. Performance of Commercial Banks and BPR in East Java

Figure 1 provides the distribution of banking funds which is divided into two namely commercial bank and rural bank (BPR). In general, both showed an upward trend during period. In 2008, when Indonesia trucked by global crisis, the bank lend was about IDR 215 trillion for commercial banks, and IDR 31 trillion for BPR. It rose dramatically until 2016 when bank successfully distributed funds in amount of IDR 6,500 trillion for commercial banks and IDR 109 trillion for BPR. The growth of banking funds distribution showed the increasing number by approximately 322 per cent in commercial banks and 351 percent in BPR to the end of period.



Source: Statistics Banking Indonesia, OJK (processed)

Figure 2. Banking Funds Distributions in Indonesia 2008-2016

Figure 2 illustrates the banking funds in Indonesia between 2008 to 2016. In more detail, East Java is one of the provinces with high economic activity which grows 5.2 per cent in third quarter 2017 (yoy) and continue gradually increased in second quarter 2017 (5.1%). The Inflation rate in East Java is in the third place after Banten (4.17%) and West Java (3.87%) was about 3.84% in third quarter 2017, it is higher than national inflation which reaching out by approximately 3.72% (yoy). Malang is one of regions in East Java which contributed to the inflation rate in East Java, inflation rate of Malang (yoy) is about 3.80 and become the second position being lower than Surabaya. Based on the high economic activity in Malang, it high possibility affect to the growth of credit distribution in banking. Therefore, this research aims to explore in East Java

especially Malang whether macroprudential policy has an impact on banking sector and society.

METHOD

The research applied a descriptive analysis method by using an in-depth interview with Bank Indonesia Malang, representative of commercial bank and society. The outline of questions were about (1) the impact of macroprudential implementation to the banking sector, (2) the implementation of macro-prudential policy that affect to banking tasks as intermediary institutions, (3) the macroprudential instruments that has a significant impact to banking activity. Meanwhile the questions asked to society are (1) the response of society with the regulation about setting credit maximum limit or financing which given by bank for mortgage loans, and (2) the society have objections and looking for motive to purchase house, is it for living, investment, or other purpose. The number of respondent for this research is two persons from the representative of Bank Indonesia in Malang, local banking financial institutions and fifteen people from the society. The reason why the researcher chose Bank Indonesia (BI) Malang is that BI is the regulator of this policy so this is considered as the right steps to investigate the information about how far this policy implemented until today. Criteria to choose the two bank (BUMN) because has big market share and reputation. The researcher studied 15 respondents to asked about the policy of credit limit for house ownership. The criteria researcher is if the respondents are or already has complete mortgage loans. This research also has limitations where the name of banks cannot be mentioned because it is related to the reputation and to keep the trust of society in banking so it can only symbolize with code.

RESULTS

Macroprudential instruments that implemented in Indonesia are the Loan to Value (LTV), GWM-Loan to Funding (LFR) and Countercyclical Capital Buffer. LTV policy is taken to control mortgage price level and set the amount of DP for the vehicle loan.

Table 1. Modification of Self Financing and Number of Property Loans PT. Bank X (persero), Tbk

Information	Self Financing	Number of Property Loans
Before LTV 2011	5% - 10%	18.1 Trillion
After LTV 2012	30%	25.3 Trillion
Post easing LTV 2016	10%-15%	36.4 Trillion

Source: Annual Report PT Bank X (persero), Tbk

Table 1 explains the modification of self financing and number of property loan PT. Bank X (persero), Tbk. In general, there are showed a remarkably changes by implementing Loan to Value (LTV). It was about

5 per cent and 10 per cent before LTV implemented and it rose dramatically to approximately 30 per cent after implemented. Meanwhile, the number of property loans showed an increase trend during the period. It was 18.1 trillion rupiah in the beginning of periods, it rose almost doubled 25.3 trillion rupiah then continue increased in the end of period.

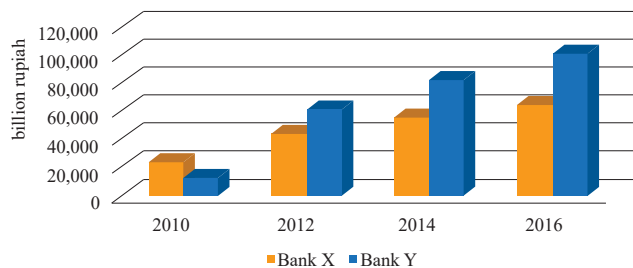
Table 4. Modification of Self Financing and Number of Property Loans PT Bank Y (persero), Tbk

Information	Self Financing	Number of Property Loans
Before LTV 2011	5% - 10%	9.49 Trillion
After LTV 2012	30%	9.90 Trillion
Post easing LTV 2016	10%-15%	18.80 Trillion

Source: Annual Report PT Bank Y (persero), Tbk

Table 4 informs the modification of self financing and number of property loan in PT Bank Y (persero), Tbk. In more detail, the percentages of self financing showed indifferent result between PT. Bank X and PT. Bank Y. However, it showed noticeable number of property loans compared to PT. Bank X. It was about 9.49 trillion rupiah before LTV implemented then it rose slightly after implemented by approximately 0.50 trillion rupiah and reaching out the highest achievement in the end of period by approximately 18.80 trillion rupiah.

The Development of Consumer Credit



Source: Annual Report of each bank (processed)

Figure 3. The Development of Consumer Credit

Figure 3 provides information about the development of consumer credit during period 2010 and 2016. Overall, both banks experienced an upward trend. In 2010, Bank Y was about 10,000 billion rupiah being lower than Bank X, but it outraced in the next three years and reaching out almost 100,000 in 2016. Bank X was under 50,000 billion rupiah in 2012 and continue to rise in the next two years by approximately 50,000 billion rupiah and slightly more 50,000 billion rupiah respectively.

The instrument that has an impact on the society is the LTV policy. Figure 4 showed the society responses about the implementation of credit. From 15 respondents, most of them answered no objection in the implementation of credit amount regulation or financing which can

be distributed by a bank that is at the beginning of implementation is 70 per cent, automatically people have to do self-financing or prepare 30 per cent in advance and 67 per cent of respondents revealed that they did not object to the rules for relatively similar reasons because of the long credit period. The work background of the respondents is with sufficient income so that this regulation will not be a burden for their financial. Figure 5 illustrates the findings of motives in buying property. As much as 100 per cent people answered that it will be a residence, despite the fact that when the researchers investigate directly to the address submitted by the respondent some of the houses are rented by someone else. Activities like this are feared will trigger a rise in property prices.

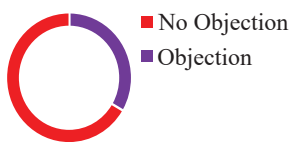


Figure 4. Society's Responses

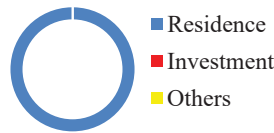


Figure 5. The motives of Buying Property

The next macroprudential instrument is the GWM-Loan to Funding Ratio (GWM-LFR). The results of this study show that banks are not affected by the ratio of GWM-LFR due to LFR provisions of the bank if it is within the range of LFR target then the GWM-LFR is 0 per cent of the TPF in rupiah. LFR target is at 80 per cent for the lower limit and 92 per cent for the upper limit. This means that if the LFR bank is between 80 per cent – 92 per cent then the amount of GWM-LFR filled by a bank is 0 per cent of TPF. The amount of LFR in each of PT Bank X (Persero), Tbk and PT Bank Y (Persero), Tbk in 2016 are 89 per cent and 85 per cent respectively. LFR banks are still within the upper and lower limits of the LFR so that the GWM-LFR met by the bank is 0 per cent. That way banks have no obligation to meet the GWM-LFR so as not to affect the liquidity and lending bank.

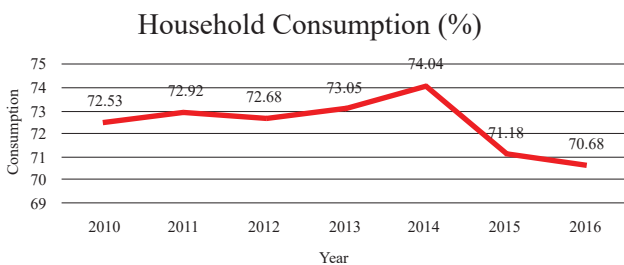


Figure 6. Household Consumption
Source: BPS Malang

The society consumption level of Malang from year to year based on GRDP with expenditure approach (figure 6) has increased from 2010 until 2014 and then decreased until 2016.

Figure 6 explains the percentages of household

consumption during 2010 and 2016. Overall, Household consumption still occupies the highest positions of GRDP distribution with expenditure approach. This indicates that the society of Malang have high purchasing power which reflects an economy is in a stable condition. OJK noted that the credit growth of the banking industry in 2016 as a whole is a single digit.

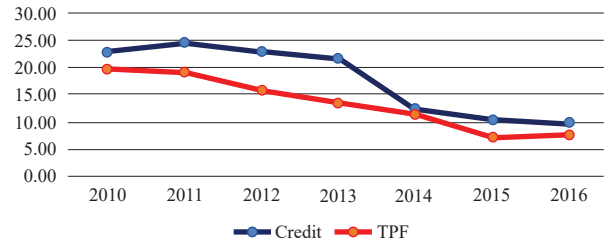


Figure 7. Credit Growth and TPF National Banking 2010-2016

Figure 7 provides credit growth and TPF national banking in 2010 to 2016. In 2010, credit growth of 22.80 per cent (yoy) further increased in 2011 by 24.59 per cent. From 2012 to 2016 credit growth has decreased continuously to the level of 9.60 per cent. Overall, the banking industry has been affected by the macroprudential policy, especially the tightening of LTV regulation so that its credit distribution growth is decreasing. In addition, the decrease of lending is also caused by the decrease of TPF growth. In order to maintain bank LDR ratio, this adjustment is made and to keep LFR banking in the range of lower limit and an upper limit of LFR set by BI.

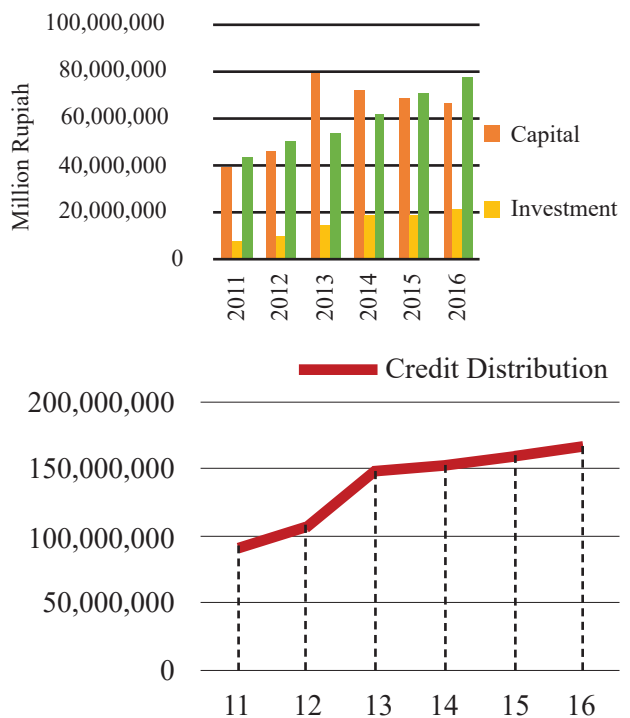


Figure 8. The amount of lending by a commercial bank and BPR in Malang.

Figure 8 showed the amount of lending by a commercial bank and BPR in Malang. In general, the total credit of banks experienced an upward trend and it is dominated by types of consumer loans. This proves that if the assumption of the economy is currently sluggish so the CCB rule is still 0 per cent then proven to increase the lending of banks. However, due to the fact that society still have high purchasing power, high consumption levels indicate the economy is in good condition make CCB rules need to be evaluated, because the higher bank lending, feared in the future if the economy is disturbed, the economy can fall and accompanied by the bank's perceived losses due to credit risks. As a result, there will be other risks that will make the banking situation more difficult. The downfall is due to all banks have the same credit concentration that is in consumer credit where consumption activity is an activity that has no guarantee of future income as well as investment activity or other business.

DISCUSSION

The change of self-financing scale is caused by the implementation of LTV does not affect the amount of property loans is distributed by PT Bank X (Persero), Tbk. This is because PT Bank X (Persero) targets the middle and high-income communities so it is relatively unaffected by the LTV policy. Besides, PT Bank X (Persero), Tbk is also active in property exhibition activities as one of property product marketing strategy. Recorded in 2016 PT Bank X (Persero) is re-trusted for the 6th time becoming Official Bank in the largest property exhibition event in Indonesia held by Real Estate Indonesia (RET).

The number of property loans (before the implementation of LTV) was about IDR 9.49 trillion in 2011 being higher than the previous year in 2010 of IDR 8.13 trillion and IDR 4.57 trillion in 2009. This product was well considered because mortgage loan product in PT Bank X (Persero), Tbk was started in 2007. This is a good achievement considering mortgage loan product has been running for several years. It can be seen that in the year of the implementation of LTV, property loan grow approximately 4.3 per cent. This indicates that PT Bank Y (Persero), Tbk actually holds the principle of prudence in credit distribution, especially property that has just been granted. Before reaching the number of IDR 9.90 trillion, recorded that as of June 2012 the distribution of loan was about IDR 8.7 trillion. The business focus of PT Bank Y (Persero), Tbk not only concentrated in property sector credit but also more on financing or microcredit. However, the easing of LTV conducted by BI makes the amount of property loans disbursed by these banks is doubled increased.

Beside to focusing on housing loans, LTV is also targeting motor vehicle loans (KKB). KKB is also

included in consumer credit. The development of consumer loans from year to year from both BUMN banks can be seen in figure 1. The figure showed that consumer credit in both Bank experience an upward trend from the beginning to the end of period. In the middle of 2012 BI set LTV to control the amount of credit or financing in the property sector and the amount of DP KKB does not stop the banking to keep capturing its market so that it can close the end of 2012 with the amount of credit is dominated by KPR and KKB is for each bank, PT Bank X (Persero), Tbk and PT Bank Y (Persero) Tbk, amounted to IDR 43.9 trillion and IDR 61.5 trillion.

The last instrument is an instrument with a capital target. Countercyclical Capital Buffer is formed with the purpose of banks are required to save or create capital reserves at a time when the economy is being well with the aim of going to continue to lend when the economy is weakening. The rate determined by BI in relation to this CCB policy is 0% - 2.5% in which the evaluation will be conducted by BI every 6 months. From the beginning of application until now the CCB rate is still at the 0% level. Based on the information obtained by researchers, this amount is set to provide stimulus for the economy. Banks do not have the obligation to create a capital buffer because based on the assessment of the BI economy is still in sluggish condition. The inflation of Malang in 2016 was 2.62 per cent, claimed to be the lowest annual inflation in the last 10 years, this condition is lower than the 2.74 per cent recorded in East Java inflation and the national inflation rate of 3.02 per cent. With this fact, conditions in Malang especially and East Java, in general, are not at higher inflation compared to national inflation. In this conditions, it is not true to say that the economy is sluggish because inflation is a reflection of the price increase of goods and services that can affect the purchasing power and consumption level of society is still within reasonable range compared to the inflation rate of East and National Java.

CONCLUSION

The impact of implementation macroprudential policy in banking industry affect to slower the growth of bank lending rate. Macroprudential policy has no impact on individual, but it had an impact on industrial banking specifically on bank credit lending which caused by LTV regulation. The society responses to the LTV policy is that the majority do not object to the imposition of a maximum limit for housing credit enacted by bank because of the relatively long credit period. Furthermore, another instrument of macroprudential such as GWM-LFR does not have an impact on banking sector and society but capital buffer instrument assuming a sluggish economy condition is assessed to have an impact on lending by banks.

REFERENCES

- BPS. 2017. *Kota Malang Dalam Angka 2017*. Malang: Badan Pusat Statistik.
- Bank Indonesia. 2016. *Mengupas Kebijakan Makroprudensial*. Jakarta: Bank Indonesia.
- Bruno V., & Shin H., S., 2014. Assessing Macroprudential Policies: Case of South Korea. *The Scandinavian Journal of Economic*, 116(1), 128-157.
- Claessens S., Ghosh, S.R., & Mihet, R. 2014. Macroprudential Policies to Mitigate Financial System Vulnerabilities. IMF Working Paper No. 14/155, August. 3-35.
- Lim, C. H., Columba, F., Costa, A., Kongsamut, P., Otani, A., Saiyid, M., Wezel, T., & Wu, X. 2011. Macroprudential Policy: What Instruments and How are they used? Lessons from Country Experiences. IMF Working Paper 11/238.
- Gadanecz, B., & Jayaram, K. 2015. Macroprudential Policy Frameworks, Instruments and Indicators: a review. Bank for International Settlements. Desember. 1-19.
- Galati G., & Richhild M. 2011. Macroprudential Policy – a Literature Review. BIS Working Paper No.337, February. 1-38.
- Lee M., Asunccion, R.,C., & Kim J. 2015. Effectiveness of Macroprudential Policies in Developing Asia: An Empirical Analysis. ADB Economics Working Paper Series No. 439, July. 1-17.
- Qudrati, M., & Suriani. 2016. *Efektifitas Kebijakan Makroprudensial Perbankan dan Penyaluran Kredit di Aceh*. *Jurnal Perspektif Ekonomi Darussalam*, 2 (1), 32-53.
- Swaningrum, A., & Peggy, H. 2014. *Evaluasi Efektifitas Instrumen Makroprudensial Dalam Mengurangi Risiko Sistemik di Indonesia*. 3rd Economics & Research Festival. 1126-1133.
- Suteja, J., & Ginting, G. 2017. *Determinan Profitabilitas Bank: Suatu Studi Pada Bank yang Terdaftar di BEI*. *Trikonomika*, 13(1), 62-77.
- Syafi'i, M.F.R., Rusliati, E. 2016. Credit Risk, Market Risk, Operational Risk and Liquidity Risk on Profitability of Bank In Indonesia, *Trikonomika*, 15(2), 78-88.
- Tovar, C.E., Gracia-Escibrano, M., & Martin, M.V. 2012. Credit Growth and The Effectiveness of Reserve Requirements and Other Macroprudential Instruments in Latin America. IMF Working Paper, June, 1-25.
- Vergara, R. 2015. The Role of Macroprudential Policy and Monetary Policy in Safeguarding Financial Stability. Banking Development, Stability and Sustainability Conference. 1-14.
- Vucinic, M. 2016. Importance of Macroprudential Policy Implementation for Safeguarding Financial Stability. *Journal of Central Banking Theory and Practice*, 3, 79-98.

KNOWLEDGE SHARING ACTIVITIES IN THE ORGANIZATION OF REGIONAL SUPREME PRODUCT MANAGER

Bayu Indra Setia
bayuku_is@yahoo.com
Yana Rochdiana H.
Annisa Adha M.

Faculty of Economics and Business, University of Pasundan
Jl. Tamansari No. 6-8 Bandung 40116

received: 29/03/18; revised: 25/05/18; published: 27/06/18

Abstract

The purpose of this study is to obtain empirical evidence of knowledge sharing activities in the organization of regional supreme product manager, as well as looking for factors that influenced it. The research method used was qualitative descriptive at sub-districts in Bandung, with sample of agencies, entrepreneurs, and related institutions. The ability to transform knowledge from supreme product managers and agencies to managers of products that had not become a supreme was yet optimal. It is because of the area that was not possible and its supreme product managers who did not want to share their knowledge to another products managers that had not become supreme because they fear of being competed. Nevertheless, government agencies had always understood the need for other knowledge to facilitate routine improvements of product managers that had not become supreme, such as supreme product standardization training, and requirements that must be met to become supreme product.

Keywords: *supreme product; knowledge sharing*

INTRODUCTION

Potential is something that can be used as material or source that will be managed either through human effort or done through the power of machine where the process of potency can also be interpreted as a resource that is around us. Regional supreme potential is a mainstay product in an area that has the most advantageous value to be cultivated or developed in a region (Depkimpraswil, 2003). Regional Supreme Product, hereinafter abbreviated as RSP, is a product, either in the form of goods or services, produced by cooperatives, small and medium scale businesses that are potential to be developed by utilizing all resources owned by the area of good natural resources, human resources and local culture, and bringing income for the community and government which is expected to become an economic power for the region and the local community as a potential product that has the competitiveness, selling power, and driving force and ability to enter the global market (Permendagri No. 9 of 2014).

Based on data from the Department of Industry, Trade, Cooperatives and SMEs Bandung in 2015 set thirty industrial centers scattered in Bandung. These thirty

centers are the central points of the development of SME-based industries that have developed in Bandung with various products, such as textile, food, dolls, and others. The pattern of SME distribution is still concentrated in some areas, not spread in the 30 districts in Bandung. This is caused by sporadic spreading pattern of SMEs and limited infrastructure facilities. Therefore, SMEs prefer to be in the location that is reachable by consumers.

The problem of various knowledge in an organization today becomes an important issue both in business and non-business, because all human activity are actually organizing activity. No activity will run smoothly, if there is no good organization. No benefits or profit can be gained, if the organization is not going well. Every organization has members who work based on their knowledge. Managing their ultimate knowledge means managing the members as well as managing people.

The importance of knowledge sharing is put forward by Srivastava (in Martini and Tjakraatmadja, 2011) who stated that if existing knowledge of the organization is not shared, the available cognitive resources to the organization will be useless. Through knowledge sharing, knowledge in the organization will increase and form new knowledge, improve personal and organizational quality. As with other types of

organizations, the development and growth of SMEs in each sub-district depends on the process of knowledge sharing to be able to continue to absorb, provide, and create new knowledge for sub-districts that do not yet possess and meet the criteria of excellent products. This is reinforced by the opinion of Noris (2003) which stated that knowledge sharing is an obligatory activity in government agencies given to businessmen and should always be developed to maintain sustainability and achieve competitive advantage.

Problems occur when there is knowledge sharing activities undertaken by the government, both in provincial and local governments to local agencies associated with supreme products. If all become supreme products, it will increase investment for the area.

The following phenomena about supreme products of MSMEs of Bandung Regency stated that the products are still less competitive, because of various constraints and one of them lacks of knowledge transfer or knowledge sharing. The number of micro, small and medium enterprises (MSMEs) in Bandung Regency are claimed to continue to grow. The percentage increase, compared to the previous year, in the number of MSME's owners that reached 102.7% from 7,894 units to 16,002 owners of MSMEs. In its development, MSME growth in Bandung Regency also faced various challenges. One of them is the development of promotion and marketing of supreme products produced by MSME.

Disclosed by the Regional Chairman of the National Craft Board of Bandung Regency, Nia Kurnia Dadang Naser, the development of promotion and marketing of supreme products must be systematically done by involving various components. This is deemed necessary in the midst of MSMEs that still have limitations, both in terms of capital and human resources.

Regional Supreme Product (RSP) is a good or service owned and controlled by a region, which has economic value and high competitiveness and absorbs a large amount of labor, produced based on technical feasibility considerations (raw materials and markets), community talent and institutional (technological mastery, human resource capability, infrastructure support, and socio-cultural conditions) that develop in certain locations. Local economic development is a process of building dialogue and partnership actions of stakeholders including local governments, entrepreneurs, and local community organizations. The main pillars of the strategy are to increase the attractiveness, endurance, and competitiveness of the local economy. The main objective is to create high growth and sustainable development that benefits all parties in the region in order to significantly improve new employment and reduce poverty (Nusantoro, 2011).

The supreme products produced by MSMEs spread in 31 sub-districts throughout Bandung Regency. These supreme products are potential owned by Bandung Regency to continue to be developed. However, some

of the products are still not ready to be marketed due to some obstacles, said Niaatthe opening of design knowledge improvement training for 100 MSME's owners in Bandung regency, in the Dewi Sartika Building, Bandung Regency Government Office Complex, Tuesday (3/11/2015).

On the occasion, disclosed Nia, product design training is one of the breakthroughs made by Dekranasda of Bandung Regency to help MSME's owners. The goal is to help MSME's owners to be able to compete to other products in the market. The reason is to compete with the current condition in the free market. However, it's not enough for the products to compete with the only improvement of the quality itself, but it also must be supported by the skill of making designs in order to produce attractive products for potential buyers. To improve product marketing, Dekranasda of Bandung Regency always invites MSME's owners to participate in supreme product exhibitions, both in regional and national level.

The above phenomenon shows that the importance of knowledge sharing process among supreme products in a region is really crucial. This is because knowledge sharing will further help MSEs get a lot of knowledge about how to create a supreme product in a region that can be further developed and advanced. Based on the above background, the urgency of this research is that problems occur when there is knowledge sharing activities undertaken by the government, both in provincial and local governments to local agencies associated with supreme products. If all become supreme products, it will increase investment for the area.

Knowledge management is the overall management of the process of knowledge creation or development, the process of knowledge storage and knowledge sharing process and the process of knowledge implementation in order to exploit the tacit and explicit assets possessed by the organization in order to achieve competitive advantage (Nonaka, 2007; Rusilowati, 2017). According to Rusilowati (2017), knowledge management is a systematic process in finding, selecting, organizing, filtering and presenting information in a particular way that can enhance the mastery of knowledge in a specific field of study. In general, KM is a technique for managing knowledge in organizations to create value and enhance competitive advantage.

According to Jones (2009), knowledge management is inherently collaborative, thus a variety of collaboration technologies can be used to support knowledge management practices. Collaborative knowledge management tools that allow people to share documents, make comments, engage in discussion, create schematic diagrams, and so on can be valuable aids to support organizational learning. While according to Liao (2010) knowledge management capabilities (i.e., knowledge acquisition, knowledge conversion, and knowledge application) are rooted in the operation of a firm and are derived from configurations of organizational structure and culture.

According to Antonova (2006), knowledge management is not about managing technology alone, but is about managing how human beings can share their knowledge effectively. The 'real' information system is built upon organizational culture and interpersonal communication and contains rich and dynamic tacit knowledge, which, if it is effectively harnessed and managed, it can also give organizations competitive advantage. Sharing expertise requires building culture of trust, and any organizational practice or action that destroys trust adversely affects the motivation to share information with others.

Knowledge is a mix of experience, values, contextual information and expert insights that provide a framework for evaluating and incorporating new experiences and information. Meanwhile, according to Alavi and Liedner (2001), knowledge is information that has been validated and confirmed which is used to take decisions and actions to be taken.

Sharing knowledge is a method of a group in sharing knowledge, techniques, experiences and ideas they have with other members. According to Subagyo (2007) knowledge sharing is one of the methods or one of the steps in knowledge management used to provide an opportunity for members of a group, organization, agency or company to share knowledge, techniques, experiences and ideas they have to other members. Knowledge sharing can only be done when each member has a wide opportunity to express his opinions, ideas, criticisms and comments to other members.

The use of the term sharing affirms the process of presenting individual knowledge into a form that is more easily understood by others. The term sharing also affirms that it does not mean the possessor of knowledge or a person possessing knowledge disposes of his ownership, but rather forms a common ownership between the sender and receiver of such knowledge (Rusilowati, 2015). Reporting involves the exchange of information based on a structured routine or format, whereas sharing involves self-awareness of individuals participating in the exchange of knowledge even though there is no necessity to do so. Another opinion from Hendriks (1999) in Rusilowati (2015) stated that knowledge sharing involves at least a relationship between two parties, namely those who master the knowledge and those who seek to master the knowledge.

M. Hosein Fallah and Sherwat Ibrahim (2004) stated that knowledge from an accessibility perspective shows that the accessibility mechanism in the technology group is different in terms of explicit knowledge. The process of socialization and the exchange of unmodified knowledge requires direct interaction to be transmitted, this occurs at the individual, corporate or national level. Unmodified knowledge is not the only source of unique knowledge for technological groupings, knowledge embedded in the cluster itself such as socio-culture and other semantics of knowledge is best obtained by placing it in the cluster itself.

Kemme, et.al. (2009) stated that there are number of government policies that must be done to increase the ability of the sector to attract investment by providing greater knowledge of the business so that the results directly result from the products produced. In addition, to increase the level of knowledge and technical expertise in understanding the economic situation in the future. In this study, there are also dividends, et al. find a copy of the maximum copy of several companies and local companies. Our findings have several implications in many cases.

David, et.al. (2009) stated that there is a government policy that must be done to improve the ability of a sector to attract foreign investment by giving businesses greater knowledge directly. It produces added value from the products. In addition, to increase the level of knowledge and technical expertise in understanding the current economic situation. There was a horizontal spillover effect from the activities of foreign companies and local companies.

King (2009) stated that knowledge management focuses on knowledge processes - knowledge creation, acquisition, refinement, storage, transfer, sharing and utilization. These processes support organizations that involve innovation, individual learning, teaching learning and collaborative decision making. Outcomes of management knowledge are organizational behaviors, decisions, products, services, processes and relationships that enable the organization to improve the overall performance of products and the SME organization itself.

Argote and Ingram (2000) stated that by instilling knowledge in interactions involving people, the organization can influence the transfer of knowledge internally and inhibit external transfer of knowledge. With this, knowledge is embedded in the interaction of people, tools, and tasks giving the basis for superior competitiveness in the company.

Zyl and Echendu (2007) stated that in increasing the performance of organizations in the competition, the world needs transfer of knowledge of business people, academia and government agencies in three elements of collaborative collaboration as: (a) the need to extract appropriate knowledge at the right time to make important decisions; (b) knowledge is a valuable source; (c) emphasis on obtaining research investment; (d) the need to protect knowledge for superior competitiveness; (e) the need to cover knowledge gaps; (f) international trade; (g) the need to protect intellectual property as a patent and trademark; (h) proximity to geographical sources of knowledge and recipients; and (i) war, terrorism and natural disasters.

The research has relationship with previous studies, namely studies related to supreme products both supreme product investment and development of potential supreme products. The research roadmap chart is as shown in Figure 2.

METHODS

The research method used is descriptive with qualitative approach. This research was a descriptive research that described the actual situation of the object under study, according to the actual situation at the time of direct research. The principle of qualitative research was naturalistic or natural. It is called naturalistic because the research field situation was "natural" or reasonable, as it was, without being manipulated, organized by experiment or test. This study did not test a hypothesis, but only want to know the state of the variable loosely. It also did not connect between variable with another variable systematically. Therefore, qualitative approach is used in this research.

The design of the study was established as a research operational engineering to be well implemented in order to minimize the error element. Related to this matter, this research also formed a design that contains planning and execution of referred research. Below is series of activities that would be implemented for one year: (1) Activity Socialization Stage, (2) Preparation Stage Survey, (3) Introduction Study Stage, (4) Preliminary Survey & Observation, (5) Data Processing & Analysis of Survey and Observation Results, (6) Socialization of Data Analysis Results, (7) Article Writing, (8) Script Delivery of Scientific Articles to National Journal, (9) Making Textbooks, (10) Reporting Results of Activities.

This analysis required database of economic conditions, supreme and potential sectors, all areas in Bandung that were always updated both by the relevant agencies and by each sub-district. In the activity approach, the researcher considered that at the stages of its activities, the approach would be divided into several approaches namely: (1) Literature Study on pre-eminent and potential sector-related legislation and regulatory documents as an initial stepping-stone in the preparation of the next step in Activities of Knowledge Sharing in the Organization of Regional Supreme Product Manager. From this literature study, we would obtain basic information about the supreme and potential sectors so the established goals could be achieved, (2) Instance Surveys, surveys to agencies related to Activities of Knowledge Sharing in the Organization of Regional Supreme Product Manager in 30 Sub-districts of Bandung City. Activities undertaken, among others, data inventory to be collected into a data base containing information about supreme and potential sectors. As described earlier this institutional survey was an activity undertaken to obtain documents of regional development plans that already exist in each SKPD related. In relation to the implementation of the study, the institutional survey will also conduct primary data collection with depth-interview with several stakeholders in the preparation of Activities of Knowledge Sharing in the Organization of Regional Supreme Product Manager. As for the documents required for Activities of Knowledge Sharing in the Organization

of Regional Supreme Product Manager in 30 Sub districts of Bandung, namely: (a) PDRB Data of Bandung, (b) Input and Output Data of Bandung, (c) Interregional Input-Output Data of Bandung, (d) Bandung Industrial Development Policy Document and OVOP (One Village One Product) product development document, (e) RTRW Document of Bandung, (f) Incentive and Disincentive Policy of Bandung, (3) Depth Interview. In Activities of Knowledge Sharing in the Organization of Regional Supreme Product Manager in 30 Sub-districts, Bandung held Depth interview with related stakeholders. This activity was done to capture the input and do the agreement with related stakeholders as the strategy preparation material with key person. Depth interview shall be made to the related agencies and business owners, in this case, the supreme product managers.

RESULTS

Based on the results of primary and secondary surveys that have been conducted in previous research, we obtained a number of similarities between the survey method of the sub district questionnaire and LQ-based analysis of regional economic analysis as the basis of the sub district supreme sector. The conclusions obtained from the survey are shown in Table 1.

DISCUSSION

Basically, supreme product managers and related institutions such as sub-districts, Bappeda, MSME agency, regularly invite experts (for example through seminars, training, workshops, etc.) to gain new knowledge to support the latest information that is the current trend. In addition to this, they also cooperate with the experts so that the product managers could collaborate and be able to get information about the wishes of users who use products or services of the product managers.

Furthermore, supreme product managers have the ability to assimilate the knowledge. In other words, the supreme product manager cannot basically yet promote the results of the product without the help of an agency, so the government agencies always involve them in every activity related to the exhibition of regional supreme products. With these activities the supreme product managers will get and add insight and knowledge on how to manage good products in order to attract the consumers.

The ability to transform the knowledge provided from the leading product managers and agencies to the non-supreme product managers is still not optimal because there is still a fundamental problem. There is also still a supreme product manager who do not want to share knowledge to the non-supreme product managers because of the fear of being competed. Nevertheless, government agencies have always understood the need for other knowledge to facilitate routine improvements

from non-supreme product managers such as standard product standardization training, requirements that must be met to become a supreme product, etc.

Government agencies and supreme product managers are constantly assisting non-supreme product managers to improve their skills by providing knowledge to have strong competitiveness, and they always hold discussions once every 3 months in a year, to overview the progress of the knowledge they got. If there were a slight of mistake, supreme product managers and agencies were able to retrace the steps and take actions that should have been done to understand what really happened. Therefore, there will be later an evaluation that encourages the increased competence of business owners through participation in internal and external training.

Thus, it can be concluded that a good system is still not supported with good human resource, because human resources are not ready, a good system cannot be used as much as possible so that there must be a synchronization between the system used with the competence of human resources needed.

In addition to the various factors that enable the implementation of knowledge sharing, there are also barriers that lead to knowledge sharing becoming difficult to apply to SMEs, they are: (a) The lack of tools in applying knowledge sharing to SMEs, (2) The assumption that knowledge sharing requires a large amount of capital, (3) The limited quality of human resources leads to a lack of mastery of knowledge making it difficult to accept new methods

One of the factors that make it difficult to share knowledge is the difficulty of finding tools that can be used to share, besides that not everyone can use it. Facilities and infrastructure in question here are standard tools that can be used by business or SMEs. The term Knowledge Sharing can be said to be something new for SMEs, therefore the lack of adequate tools cause SMEs to have difficulty to implement. Besides, it is also necessary knowledge and understanding in advance about knowledge sharing itself. A new method or knowledge is usually synonymous with cost, in other words, it requires a large enough cost to get the required knowledge. The cost is required for both training, seminars, short courses and formal education. Because of limited funds, knowledge becomes difficult to obtain for use or development within the company. In applying knowledge sharing, it does not cost a lot. Knowledge sharing is a method that can be done by all parts independently without the presence of a third party who always accompanies. However, it requires a start so that some or all staff are able to understand and implement knowledge sharing. Another obstacle is the limited quality of human resources in SMEs, leading to a lack of mastery of knowledge so that it is relatively difficult to accept a new method such as knowledge sharing. The number of SM Entrepreneurs who have a diploma from university is only about 2.20%. This limitation directly causes problems not only in the

implementation of knowledge sharing, but also when it is not implemented. Limited knowledge mastery causes SMEs to become obstructed in implementing technologies or methods that are generally implemented. Prior to its implementation of knowledge sharing, SMEs have been preoccupied in advance by internal problems that can hinder and disrupt the rate of business growth and development.

CONCLUSIONS

Facing the existence of such a tight competition, the implementation of Knowledge Sharing can be a solution for SMEs, including to increase productivity by improving the competitiveness of SMEs. Implementation of knowledge sharing in SMEs can be implemented through several stages, starting with information gathering, analysis, design then internalization and evaluation. Implementation of knowledge sharing on SMEs is done in a simple way, this is due to the presence of various limitations on SMEs.

The most important factors affecting knowledge sharing that can be implemented in SMEs are human and cultural factors. Humans, as character and the main subject of SMEs, should systematically be able to accept, realize, understand and implement knowledge sharing. Without the support of both, the implementation of knowledge sharing cannot properly work. In addition, there are various barriers that make it is difficult for knowledge sharing to be implemented in SMEs, for example, the absence of tools and the assumption that a knowledge requires a large cost and limited quality of human resources. It makes knowledge mastery become less.

REFERENCES

- Alavi, Maryam and Dorothy E. Leidner. 2001. Knowledge Management and Knowledge Management Systems: Conceptual Foundation and Research Issues. *MIS Quarterly* 1 (10):107-136. March.
- Antonova, Albena; Gourova, Elissaveta. 2006. A Note on Organizational Learning and Knowledge Sharing in the Context of Communities of Practice. CIST, Sofia University, 125, Tzarigradsko Shausse Blvd. bl.2, Sofia 1113, Bulgaria. <https://www.researchgate.net/.../32231445>.
- Argote, L, and Ingram, P. 2000. Knowledge transfer: a Basis for Competitive Advantage in Firms. *Organizational Behaviour and Human Decision Processes*, 82, 150-169, January.
- Departemen Permukiman dan Prasarana Wilayah (Depkimpraswil). 2003.
- Fallah, M. Hosein; Sherwat Ibrahim. 2004. Knowledge Spillover and Innovation in Technological Clusters. IAMOT.

- Jones, Kiku and Lori N. K. Leonard. 2009. From Tacit Knowledge to Organizational Knowledge for Succesfull KM. www.uky.edu.
- Kemme, David M.; Volodymyr Lugovskyy, Deepraj Mukherjee. 2009. Labor Mobility, Knowledge Transfer and Productivity Spillover: Evidence from Indian Firms. JEL classification: F23, O1.
- King, William R. 2009. Knowledge Management and Organizational Learning. Annals of Information Systems 4, DOI 10.1007/978-1-4419-0011-1_1, © Springer Science+Business Media, LLC.
- Liao, Shu-Hsien. 2010. Knowledge Management and Innovation: The Mediating Effects of Organizational Learning. Conference Paper: Industrial Engineering and Engineering Management. January.
- Martini, Lenny and Jann Hidayat Tjakraatmadja. 2011. Berbagi Pengetahuan Di Institusi Akademik, Journal Manajemen Teknologi, 10(2): 196 -211.
- Nonaka, Ikujiro. 2007. The Knowledge-Creating Company. Harvard Business Review. July-August Issue.
- Nusantoro, Jawoto. 2011. Model Pengembangan Produk Unggulan Daerah Melalui Pendekatann Klaster Di Provinsi Lampung. Fakultas Ekonomi Universitas Muhammadiyah Metro. <https://jurnal.unimus.ac.id>.
- Peraturan Menteri Dalam Negeri No. 9 Tahun 2014 tentang Pedoman Pengembangan Produk Unggulan Daerah.
- Rusilowati, Umi. 2017. Analisis Manajemen Pengetahuan Berbasis Teknologi Informasi (Studi Kasus Pada Lemlitbang Pemerintah Pengambil Kebijakan), Jurnal Organisasi dan Manajemen 11 (1), 44 – 61.
- Subagyo, Hendro. 2007. Pengantar Knowledge Sharing untuk Community Development. Modul Pelatihan Knowledge Management.
- Zyl, A. van; J. Amadi-Echendu; T.J.D. Bothma, 2007. Nine Drivers of Knowledge Transfer between Universities and Industry R&D partners in South Africa, South African Journal of Information Management. Vol 9 No.1.

APPENDIX

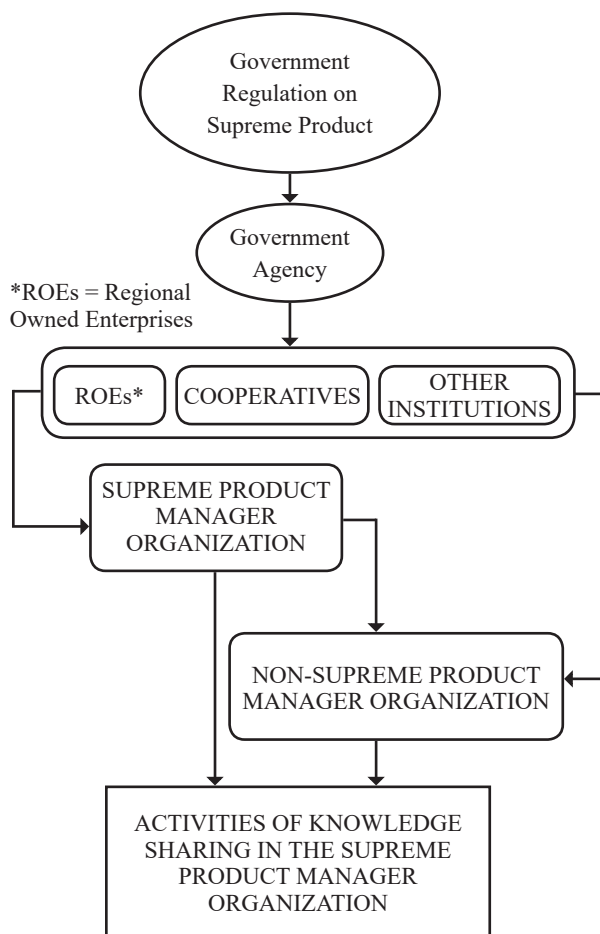


Figure 1. Research Framework

Table 1. Potential & Commodity of Sub-districts

No	Subdistrict	Survey Results	
		Potential	Commodity
1	Bandung	Processing	Food and Beverage
	Kulon	Industry	Convection and Clothing Accessories and Craft
2	Babakan Ciparay	Trade, Hotel, Restaurant (THR)	Large Trading Clothing Convection Food and Beverage
		Processing Industry	
3	Bojongloa Kaler	Processing Industry	Leather, Bag, Shirt and Shoes Food and Beverage Craft
4	Bojongloa Kidul	Processing Industry	Leather, Bag, and Shoes Food and Beverage
5	Astana Anyar	Services	Tourism, Trading
		Processing Industry	Food and Beverage Craft, Leather, Bag, and Shoes
6	Regol	THR	Trading, Hotel
		Services	Service Company
		Processing Industry	Food and Beverage
7	Lengkong	Processing Industry	Steel and Spare part, Craft, Shirt, Handicraft
		THR	Trading
8	Bandung Kidul	Processing Industry	Accessories and Craft Food and Beverage
		THR	Apartment

9	Gedebage	THR Processing Industry	Trading Building and Furniture Convection and Clothing	20	BuahBatu	Processing Industry THR	Accessories and Craft Food and Beverage Housing, Office, Hotel
10	Cibiru	Processing Industry Services Farm	Accessories and Craft Entertainment and Recreation Service Cow Chop	21	Sumur Bandung	Services Processing Industry	Entertainment and Recreation Service Accessories and Craft Convection and Clothing
11	Panyileukan	Processing Industry THR	Convection and Clothing Trading Food and Beverage	22	Andir	Processing Industry THR	Accessories and Craft Large Trading Food and Beverage
12	Ujung Berung	Processing Industry Services	Food and Beverage Convection and Clothing Tourism	23	Cicendo	Processing Industry	Convection and Clothing Accessories and Craft Steel and Spare part
13	Cinambo	Processing Industry	Food and Beverage	24	Bandung Wetan	Processing Industry	Convection and Clothing
14	Arcamanik	Processing Industry THR	Food and Beverage Accessories and Craft, Convection and Clothing Housing, Office	25	Cibeunying Kidul	Processing Industry Printing	Convection and Clothing Accessories and Craft Screen Printing
15	Antapani	Processing Industry	Steel and Spare part Accessories and Craft Food and Beverage	26	Cibeunying Kaler	Processing Industry Services	Food and Beverage Convection and Clothing Entertainment and Recreation Service
16	Batununggal	Processing Industry	Accessories and Craft Food and Beverage Leather, Bag, and Shoes	27	Coblong	Processing Industry THR	Food and Beverage Convection and Clothing Hotel
17	Kiaracandong	Processing Industry	Convection and Clothing Food and Beverage Accessories and Craft	28	Sukajadi	Processing Industry THR	Accessories and Craft Large Trading
18	Mandalajati	Processing Industry	Food and Beverage Accessories and Craft Convection and Clothing	29	Sukasari	Processing Industry	Accessories and Craft Food and Beverage Convection and Clothing
19	Rancasari	Processing Industry	Food and Beverage Accessories and Craft	30	Cidadap	THR Processing Industry	Hotel Food and Beverage

Source : Data processing result

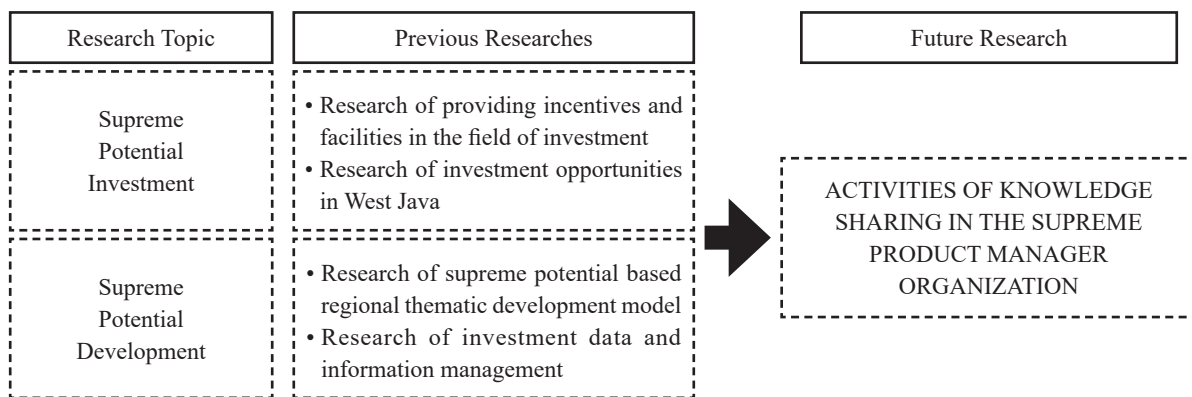


Figure 2. Research Roadmap

TOURISM TO SOCIO CULTURE AND ECONOMY OF COMMUNITY IN PANUSUPAN PURBALINGGA

Agung Edi Rustanto

agung@plj.ac.id

Donny Oktavian Syah

Business Administration Program, Politeknik LP3I Jakarta
Gedung Sentra Kramat, Jl. Kramat Raya No. 7/9 Jakarta 10450, Indonesia

received: 08/09/17; revised: 14/12/17; published: 27/06/18

Abstract

The aim of this research is to study the impact of tourism development to socio-culture and economy of community in Panusupan village, Rembang, Purbalingga. The research, which was conducted in the end of 2016, uses descriptive quantitative method. Sampling technique used is random sampling technique. Survey was conducted to 100 respondents. The data are analyzed by using simple linear regression. The result of this research shows that partially tourism development gives impact 31.5% to socio culture, 45.6% to socio economy whereas the impact of socio culture to socio economy is 32.0%.

Keywords: *tourism; socio-cultural implication; economic implication; panusupan-purbalingga*

INTRODUCTION

Sometimes, travellers (tourists) visiting to an unknown area make it popular and grow. Moreover the booming of social media contributes its development. They promote the uniqueness of an area on social media by uploading not only photos but also review of the scene. Including some tourist attractions in Purbalingga, central Java. The visitors to those places were increasing after they saw them on social media.

The increasing number of new tourist attractions indicated that Purbalingga district gave enough attention and support to the tourist development. At the beginning, Purbalingga's Owabong waterboom became popular tourism icon in social media. Now, more various and exciting tourist attractions have been built and promoted via social media.

Then more districts in Purbalingga promoted their tourist attractions. One of them was Rembang district especially Panusupan village. At the beginning the people of Panusupan didn't support the idea of developing tourism in the area. Then the local government gave them some training on tourism, such as guiding visitors, managing homestay, promotion etc. Having trained, they could serve visitors well.

Villages also competed each other to create different attractions. From January to September 2016 the number of visitors to Panusupan reached 98,000 people. Panusupan built some new tourist attractions and enhanced the old ones. Some of them are Puncak

Senderan, Puncak Batur, sungai Watu Mujur, Igir Wringin, green park Batu Gilang, jembatan cinta, Puncak Srimbar Jaya and Ardi Lawet.

The growth of tourism and the increasing travelers affect the local people both positively and negatively. As Gee (1989) says in his book *The Travel Industry* that "as tourism grows and travellers increases, so does the potential for both positive and negative impacts". Positive impacts occur when tourist providers make regulations that are able to localize bad impacts from visitors to local people. From socio cultural point of view, people become more open minded, more tolerate and they tend to preserve local culture. People can improve their communication skill and interaction more broadly. However, negligible negative impacts are quite influential for the local community. They may change in terms of speaking, dressing, behaving and life style that is considered less polite. The tourism providers should improve the regulations to minimize bad impacts.

Ismayanti (2009) says that attraction is the main element to elevate a tourist destination. It means that the more attractive a place is, the more visitors to come.

Tourism has several purposes, (a) to gain benefits : nation income, economy growth, (b) to eliminate poverty by opening employment and tackling unemployment, (c) to provide leisure places for society, as well as to the image of the nation and strengthen the nation's identity, foster a sense of homeland through the exploitation of domestic attraction, (d) to preserve nature, environment and resources, while promoting culture through tourism

marketing, (e) to strengthen friendship among nations by understanding the value of religion, customs and community life.

According to Spillane (2002) there are five essential elements that tourist attraction must have, namely: (1) attraction (2) facilities (3) infrastructure (4) transportation (5) Hospitality. Panusupan village has those five requirements. The villagers created unique tourism exploring the natural beauty of their village. They built tree houses with beautiful scenery surrounding and bridge of love which is made from natural material like bamboo and wood. Visitors are attracted to take photos there. The facilities available are made not only for comfort but also safety. In this research, five essential elements from Spillane become X Variable (exogenous variable).

Panusupan village also began to renovate the infrastructures. Road access to tourist destinations were widen and fixed. Road signs were also installed in crossroad to provide information for visitors heading to a certain place. Unfortunately transportation has not been available to take visitors. But they can rent villagers's cars to take them. And also rent motorcycle or ojek. Hospitality is part of Panusupan life. Whoever coming to their village are welcome.

Social change should be anticipated due to tourism development. Himes and Moore (in Nanang Martono, 2001) state that social change has three dimensions : structural, cultural, and interactional. Structural dimension refers to social structure in society, including role change, new role in society, social strata, and social institution. Cultural dimension refers to cultural changes in society, including innovation, diffusion, and integration. Interactional dimension refers to social interaction changes in society.

Koentjaraningrat (2009) says that there are seven elements of culture that may change due to tourism. (1) Language, native language may have different accent, pronunciation, and also vocabularies. Interaction with travellers from other area make the native language influenced; 2) Knowledge, panusupan people are mostly farmers. The way of thinking and new technology were introduced by travellers; (3) Social organization, pokdarwis or kelompok sadar wisata was then established in Panusupan; (4) Technology and equipment, the use of new technology such as internet and smartphone was also introduced. (5) Livelihood system and economy system, agriculture was the major employment in Panusupan. When tourism grew, people started to run other business such as restaurant, homestay, and transportation. (6) Religious system, ardi lawet was one of tourist attractions in Panusupan. People went there to pray on certain intention. But then people went there only for leisure. (7) Art, travellers usually require traditional performing art so that the tradition is well-preserved.

Those seven dimension introduced by Koentjaraningrat become indogen variable (Y).

Suratmo (2004) says impact is changes in environment due to human activities. The socio-economic impacts of a development, especially in developing countries, are showed in the following components which are defined as socio-economic indicators of the community: (1) generation of jobs, (2) the development of economic structure, that is the rising of economy activities such as transportation, restaurant, food stall, store, etc, (3) increasing income, (4) public health, (5) community perception, (6) population growth

In this research, those six indicators becomes endogenous variables (Y2).

METHOD

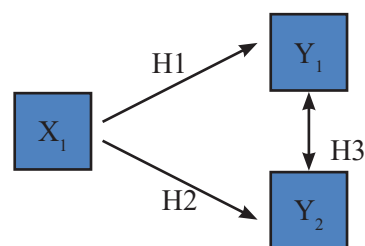
This research uses descriptive quantitative method. To test the impacts among variables, verification method is used. There are two variables in this research: independent and dependent variables. Description analysis is used to describe each variable. Verification analysis is used to test the research hypothesis explaining whether the variables influence each other.

The population in this research are 556 villagers living in Panusupan, Purbalingga. The observation was conducted in 2017. The sampling technique is random sampling. Based on Slavin formula (Iskandar, 2009), with the margin of error 10%, the minimal samples are 85. In this research, 100 respondents are the samples.

The research instrument is developed based on various theories about the variables in this study. Table 1 is the operationalization of variables used to develop research instruments. Instruments were developed using the interval scale approach (differential semantic).

Data collection was conducted with three approaches: observation, interview, and questioner. The data source used are combining both primary data and secondary data. The primary data were collected through interview and giving questionnaire to the samples. While the secondary data were any records dealing with research objects.

The data analysis technique used to test the hypothesis is simple linear regression. This method is used to study relationships between two variables: dependent and independent. Its purpose is to study the impact of independent variable (exogen) towards dependent variable (endogenous) as shown in figure 1.



Source: Author

Figure 1. Conceptual Framework

Multiple linear regression is used to study the impact of two or more independent variables towards dependent variable.

Hypothesis: (1) There is positive and significant impact of tourism development to socio-culture in Panusupan village; (2) There is positive and significant impact of tourism development to economy in Panusupan village; (3) There is positive and significant impact of socio cultural development to economy development in Panusupan village.

RESULTS

The followings are the testing results of the impacts of tourism development on socio-cultural and economic variables by using SPSS based on the paradigm of structural equation model of the following mathematical models:

- Structural 1 : $Y_1 = a + bX$ (1)
- Structural 2 : $Y_2 = a + bX$ (2)
- Structural 3 : $Y_2 = a + bY_1$ (3)

Table 1. Research Variable Operation

Variable	Dimension	Indicator	
Tourism (X)	Attraction	Increasing tourism variety	
		Providing the best tourism potential	
		Photography	
	Facilities	Providing Food and Beverage needs	
		Infrastructure	
	Transportation	Tourism object development	
		Road access improvement	
	Hospitality	Transportation infrastructure improvement	
		Manner	
		Communication Strategy	
	Socio-cultural (Y1)	Language	Local Language
			Foreign Language
Social organization knowledge system		Tourism Organization Development	
		System of life equipment and technology	
System of livelihood		Use of gadget	
		Internet based knowledge	
		Transportation services	
Religious System Art		Accommodation services	
		Food and Beverage Products	
		Religious Tolerance	
Economic (Y2)	Employment	Local Arts	
		Foreign Arts	
	The development of economic structure	Unemployment reduction	
		Increasing number of shops	
	Increasing income of the community	Increasing transportation activities	
		Public health	Increasing amount of income sources

Community perception	Awareness toward diseases
Increasing Population	Increasing awareness on sanitation
	Perception of tourism potential utilization
Population	Perception of employment development
	Increasing living interest of the community from surrounding area

Source: Adopted from Spillane (2002); Koentjaraningrat (2009); Suratmo (2004).

The structural equation 1 is $Y1 = 55.767 + 0.130X1$. Dependent Variable is socio-cultural development and Independent Variable is tourism development. Based on the regression model, it can be seen that the constant of 55.767 means that if the variable of tourism development is zero; the social culture development is equal to 55,767 units. The value of regression coefficient variable of tourism development is 0.130 which means that for each unit of increase on the tourism development, there is an increase of 0.130.

Based on the results of data analysis, there is a positive and significant impact of tourism development on the socio-cultural development of the local communities. From the analysis result, it is found that the R2 coefficient value of tourism development is equal to 0,315, by taking significant level of α equals to 5%, the t value of 2,202 is obtained, hence the t value of the table equals to 1,660, thus illustrating that the contribution of variable X (tourism development) in Panusupan Village to variable Y1 (socio-cultural development) equals 31.5%. The structural equation 2 is $Y2 = 41.305 + 0.159X1$. Dependent Variable is socio-cultural development and Independent Variable is tourism development.

Based on the regression model, it is found that the constant is 41.305, which indicates that if the variable of tourism development is zero, then the socio-cultural development is 41.305 units. The value of regression coefficient variable of tourism development equals 0.159 which means that for each unit of increase of tourism development, there is an increase of 0.159. The results of data analysis also illustrate the effects of tourism development on social-economic development of the local communities.

The coefficient value of R2 X (tourism development) to social economy is 0.456. While from the test results, the t count value of 2.136 is obtained by taking a significant level of α of 5%, hence the t value of the table amounted to 1.660, thus the calculated t count value > t table or 2.136 > 1.660, so H0 is rejected or in other words tourism development has a positive and significant impact of 45.6% on social economy.

The structural equation 3 is $Y2 = 44.220 + 0.098Y1$. Dependent Variable is socio-cultural development and

Independent Variable is tourism development. Based on the regression model, it can be found that the constant is 44.220; which states that if the variable of tourism development is zero, the socio-cultural development is 44.220 units. The regression coefficient value of tourism development variable is 0.098 which means that for each increase of tourism development, there is an increase of 0.098. The results of data analysis illustrate and show the impact of Y1 (social culture) on Y2 (social economy) with R2 coefficient value of 0,320 which then obtains t value count of 2,410 and by taking significant level of α equals to 5%, hence t value table is equal to 1,660, so t count > t table or 2.410 > 1660, thus H0 is rejected or in other words, social-cultural development affects the socio-economic development by 32.0%.

The overall results of the analysis through regression can be illustrated by the model in Table 2.

Table 2.

Causality	Impact (R ² Value)
The impact of tourism development on socio-cultural development	0.315
The impact of tourism development on social economic development	0.456
The impact of socio-cultural development on social economic development	0.320

Source: SPSS analysis

DISCUSSION

The results of descriptive analysis show that tourism development has positive and significant impacts to socio-cultural and social-economic development. Panusupan Village is originally known for one of its tourist locations of religious tourism called Ardi Lawet. The visitors come with the intention of praying. The access road to reach this tourist location is very exhausting because visitors have to climb high hills. The high hills have splendid landscapes, so the Panusupan villagers develop these spots into new tourist locations in the hills, rivers, rice fields and waterfalls with beautiful scenic attractions as a great place to take pictures or selfie.

The development of tourist locations in terms of quantity and quality generally has a role in the socio-cultural and economic changes of the local community who live not far from the tourist sites. This is in line with previous research in other locations (Mbaiwa, 2008). Tourism development becomes an attraction for tourists coming from various regions. Some of the local tourists come from places close to the tourist sites; villagers from places which are still in the sub-district of Rembang and other sub-district residents who come from Purbalingga Regency. Some tourists also come from farther areas either from places that are still in Central Java province or from outside of Central Java Province.

The impact of tourist visits increases the diversity of language dialects with distinct differences from other villages, districts and provinces. Road access to Panusupan Village is growing and facilitating transportation and community distribution activities in conducting economic activities. Tourists' habit of using technological advances has become a new custom which is slowly imitated by the local communities.

The calculation results show that the effect of tourism development on socio-cultural development is 0.315 or 31.5%. This positive value indicates that with better development of tourism in Panusupan Village, the social and cultural conditions of the community in Panusupan Village are also getting better.

The increasing number of tourists in Panusupan Village has implications for the increasing quantity and quality of Panusupan villagers' interaction with tourists (domestic) visiting the village. An example of the implication is the villagers are more familiar with the use of technology and the use of social media used by the visiting tourists.

The results are in line with Bakr M. Aly Ahmed's research (2015) which studied coastal tourism in Egypt and in the United States, stating that coastal tourism growth significantly affects the local economy, economy, environment and culture. Tourism that grows in Panusupan Village increases the attraction for visitors. The large number of visitors with diverse socio-cultural backgrounds affects the socio-cultural changes of the local community. In the results of this study, the development of tourism has a positive and significant impact on the socio-cultural development of the community in Panusupan Village. The results of this study are also supported by the results of Manika Singla's research (2014) in the city of Jaipur, India, which states that the people of Jaipur are aware of the impacts of the tourism development both in positive and negative terms. The majority of the community reiterated that they are optimistic that tourism and tourism development will affect both the social and cultural life of the community.

The calculation shows that the effect of tourism development on social economy is 0.456 or 45.6%. This positive value indicates that with better tourism development in Panusupan Village, the social-economic conditions of the community in Panusupan Village are getting better. An example of the positive impact of tourism development is the growing economic condition of the people through the sale of food and beverages that they provide to be sold to the visiting tourists. Some residents' houses also become home-stays for tourists who wish to stay.

The results of these calculations are in line with the research of Lincoln (2013) in Bangladesh; Zadel and Bogdan (2013) in Croatia which conclude that the tourism business is very important for the economy because it has direct impacts on employment, the

balance of payments and the community in terms of educational and cultural benefits. Even in macro aspect, there is a fairly strong relationship between tourism revenue and economic growth, as implied by the results of a study in Greece (Nikolaos, 2004). Even the growth of tourism can bring rapid positive economic growth impacts such as the case in Trentino-Alto Adige, northern Italy (Brida et al, 2010).

With the development of tourism in Panusupan Village, opportunities for infrastructure improvement and income generation for the community are also growing. Road access in the Village is getting better and the number of sellers and shops that take advantage of the opportunities from the large number of potential buyers visiting tourist sites is also growing. Income from visitors also affects the increasing standard of living of the local communities. This is supported by research results from Zadel and Bogdan (2013) which states that the Republic of Croatia is a tourism-oriented country that also “lives” from tourism which is marked by particular seasons during the summer months. Tours can be enjoyed throughout the year, thus tourism and cultural development will increase the economic development.

The calculation results show the socio-cultural development impact on social economic that is equal to 0.320 or 32.0%. This positive value indicates that with better socio-cultural development in Panusupan Village, the socio-economic development of the community in Panusupan Village is also getting better.

The results are in line with the research of Vishwanatha and Chandrashekara (2014) which states that the socio-cultural development due to tourism has a positive and significant impact which strongly improves the local economy through the benefits of tourism. Tourism will encourage local food security and local livelihoods as its significant positive impact which will then contribute to the development of other infrastructure and social systems, such as public services like health conditions, child education and access to safe drinking water. Tourism also serves as the motor of conservation and poverty reduction.

CONCLUSION

According to the discussion, it can be concluded that the development of tourism in Panusupan Village in terms of quality and quantity brings positive and significant impacts on the socio-cultural development of the society. Tourism development also has positive and significant impacts on the economic development of the community. Socio-cultural development has a positive and significant impact on the economy of Panusupan Village community. The developments of tourism in Panusupan Village are the improvement of services and infrastructures of the old tourist location and the

making of new tourist locations that suit the needs of tourists in the present era in the form of beautiful locations and which are very good for taking picture and selfie (personal portrait).

Based on the calculation of the data processing, tourism development partially affects the socio-cultural development by 31.5%. Tourism development can be an attraction for tourists with diverse cultural background that can bring impacts on the socio-cultural conditions of the local communities. Based on the calculation of data processing, the tourism development partially affects the socio-economic development by 45.6%. The increasing number of tourists will help improve the economic conditions of the local community. Based on the calculation of data processing, socio-cultural development affects the social economy by 32.0%. Improved socio-cultural condition will also empower the community in terms of knowledge, insight, and social interaction that also lead to the improvement of the local community's economy.

REFERENCES

- Bakr M. Aly Ahmed. 2015. Social and Cultural Impacts of Tourism Growth in Coastal Environments and the Potential for Sustainability: Case Study of Egypt and USA. *International Journal of Arts and Humanities*. 1(2): 32-48.
- Brida, J.G, Barquet, A., dan Risso, W.A. 2010. Causality Between Economic Growth and Tourism Expansion. *Tourismos*. 5(2): 87-98.
- Gee, Chuky.Y. 1989. *The Travel Industry*. New York: Van Nostrand Reinhold
- Iskandar. 2009. *Metodologi Penelitian Pendidikan dan Sosial, Modern*. Jakarta: Persada Pers.
- Ismayanti. 2009. *Pengantar Pariwisata*. Jakarta: Grasindo.
- Koentjaraningrat. 2009. *Pengantar Ilmu Antropologi*. Jakarta: Rineka Cipta.
- Lincoln, Z. 2013. Socio-Economic and Cultural Impacts of Tourism in Bangladesh. *European Scientific Journal*. 10(2): 326-331.
- Manika, S. 2014. A Case Study on Socio-cultural Impacts of Tourism in the City of Jaipur, Rajasthan: India. *Journal of Business Management & Social Sciences Research*. 3(2): 10-23.
- Martono, N. 2011. *Sosiologi Perubahan Sosial Perspektif Klasik, Modern, Postmodern, dan Poskolonial*. Jakarta: Rajawali Pers.
- Mbaiwa, J.E. 2005. Socio-Economic and Cultural Impacts of Tourism Development in the Okavango Delta, Botswana. *Journal of Tourism and Cultural Change*. 2(3): 163-185.
- Nikolaos, D. 2004. Tourism as a Long-Run Economic Growth Factor: An Empirical Investigation for Greece Using Causality Analysis. *Tourism Economics*. 10(3): 305-316.

- Spillane, J.J. 2002. *Ekonomi Pariwisata Sejarah dan Prospeknya*. Yogyakarta: Kanisius.
- Suratmo, F.G. 2004. *Analisis Mengenai Dampak Lingkungan*. Yogyakarta: Gadjah Mada University Press.
- Vishwanatha, S. dan Chandrashekara, B. 2014. An Analysis of Socio-Cultural Impacts of Ecotourism in Kodagu District. *American Journal of Research Communication*. 2(7): 135-147.
- Zadel, Z. dan Bogdan, S. 2013. Economic Impact of Cultural Tourism. *UTMS Journal of Economics*. 4(3): 355-366.

FEASIBILITY STUDY OF RELIGION TOURISM BUSINESS FOR THE YOUNG PEOPLE

Apriliana Lailatul Nur Sahita

alailatul@magister.ciputra.ac.id

Tina Melinda

Faculty of Business and Management, Ciputra University
Citraland CBD Boulevard, Surabaya 60219, Indonesia

received: 22/12/17; revised: 24/05/18; published: 27/06/18

Abstract

The goal of the research is to find out the feasibility of the development of the travel service business and backpacker Umrah Easy Trip that was developed by young people. It is reviewed based on five aspects of business feasibility study including: market aspect, legal aspect, technical and technological aspect, management aspect and financial aspect. A qualitative approach is used in this study by using the interview. Five interviewees consisting of three owners of backpacker Umrah service and two consumers of backpacker Umrah. Result of the study mentioned that the business of backpacker Umrah is reasonable to be run and developed if it is reviewed of the five aspects of the business feasibility study, namely: market aspect, legal aspect, technical aspect and technological aspect, management aspect and financial aspect. Easy Trip should learn from business owners who already ran the backpacker Umrah to develop backpacker Umrah who has already pioneered.

Keywords: *backpacker umrah, business feasibility study*

INTRODUCTION

Indonesian society amounted 262 million population, 85% of the population have the religion of Islam. The large population makes the opportunity and the chance to make a business targeting the very large Muslim population in Indonesia. The trend of increasing Umrah worship in fact, becomes a prospective field for the travel agencies of Umroh and Hajj. Many young people perform Umrah worship together with their parents or relatives. About 10% to 15% among the young muslim women carry out the Umrah.

In this study, the researcher performed a business feasibility study analysis on the travel agency Easy Trip by doing a study on five aspects of the feasibility namely market, legal, technical and technological, management, and financial. Travel agency like tourism enterprises act at the local level, but operate in a global market place, this poses both opportunities and challenges (OECD, 2017). Easy Trip Travel Service Agency is a company that was established on 25 January 2016 providing trip traveling. Easy Trip is located in Surabaya and has business targets of middle and upper secondary segmentation because if it is seen from the data elaborated above, it can be inferred that the interest of young people or the age of 15-29 years old have a high

interest towards Umrah worship because it follows a growing trend in 2016-2017. Based on the formulation of the problem that is developed above, the purpose of this research is to find out the development feasibility of the service business of travel and backpacker Umrah company Easy Trip developed by young people.

Market analysis and marketing aims are to understand how large the potential market is available, how much is the part that can be won by the company or a proposed venture, as well as marketing strategy planned for the consumer (Muhammad, 2012). Kotler (2012) classify the marketing mix into four large groups called 4 P of marketing namely product, price, place, and promotion. In particular, the legal aspect of social, economic and cultural less attention from the initiator nor the framers of the feasibility study of the project. Whereas, in actual fact, this aspect precisely became the basis of the other aspect in determining the eligibility of a project investment. It is not rare to cancel a project built bump the issue of legality, claim from the local community and so on.

According to Suliyanto (2012), there are several types of legal entities which may be set up in Indonesia, namely individuals, Firm (Fa), Commanditaire Vennootschap (CV), a limited liability company (PT). The licensing requirements for each is different and is set out in government regulations that apply. Technical

aspect with regard to the process of development the project is technically and organized after the project is completed (Muhammad, 2012). Technical aspect relating to the selection of the location of the project, the type of machine, or other equipment that suits the production capacity, layout and technology selection to production (Umar, 2012). Capacity is defined as the limiting the ability of a unit to produce in a given time. Layout or also called spatial, namely placement of facilities which is used in the factory such as the layout of the machinery, the layout of the means of production, transportation and so on. Layout of a variety of such facilities should be examined, in order to make the production process run effectively and efficiently (Umar, 2012).

Analysis of the management aspect is performed to obtain the image of the staff capabilities in conducting the business which is run. This analysis to study the organizational structures that correspond to the planned effort, so that it is known about the number of needs, qualifications and descriptions of individual tasks to manage the project (Kadariah, 2012). The study of aspect of management include the preparation of a plan of work, anyone who is involved, how to coordinate and oversee the implementation effort, determine effectively and efficiently about the form of business entity, the kinds of work, organizational structure as well as the procurement of the required workforce. In addition, according to Suryana (2013), it should be also noted whether the venture will be managed by yourself or involve others in a professional manner. Financial analysis is an analysis that compares whether a project is profitable for age project (Muhammad, 2012). Analysis of risk that will be examined include: 1) excessive production costs, 2) overheads Costs are high, 3) excessive Debt, and 4) excessive Loans. Financial analysis related to the source of the funds (investment) which will be retrieved and projected returns with the level of capital costs (costs which will be incurred) and the source of funds is concerned. Financial analysis that examined is the Payback Period, and Net Present Value.

This research uses qualitative approach to analyze technical aspect, marketing aspect, and financial aspect of doing business feasibility analysis (Roziq, 2016), uses the financial aspect by measuring Net Present Value, Internal Rate of Return and Payback period in accordance with the research of Immanuel (2016).

METHODS

This research uses qualitative approach, to collect data done by interview to competitor and consumer. Competitors who become resource persons have been doing business travel umroh for more than 3 years and also offers umroh backpacker service. Located in Surabaya, the criteria of the consumer is in the age between 15-29 years old. It never carried out backpacker

activities umroh. The study was conducted in Surabaya from July 2017 - October 2017.

Data collection techniques are used namely using structured interviews and documentation. Researcher will prepare a list of questions relating to the aspect of business feasibility study. Therefore, the researcher can understand clearly the information that will be received. Instruments that will support: the structured interview recorders and cameras. The following are the methods of collecting data on every aspect.

Test the validity of the data on the qualitative method through the test reliability and validity data. Reliability test done with the audit to the overall research process. This study uses triangulation to obtain valid and reliable data. The inductive method is applied with the aim of taking a conclusion based on five aspects of feasibility study of business development namely marketing aspect, legal aspect, operational management aspect, technical and technological aspect and financial aspect. Data obtained from the result of the five mentioned aspects linked to the research foundation, namely the development feasibility of religious tourism business for young people.

RESULTS AND DISCUSSION

The young people are our new target. The idea came to create a travel agent with additional packages with the theme of "Backpacker". Backpacker do not organize in the country of origin, they prefer to arrange everything themselves (Hannert, 2010). With this new innovation, the researcher can attract young people to be more interested and can become a top priority for them to travel to a foreign country, especially religious tourism. In the young people's mind, religious tourism is considered as a relative expensive travel and it is impressed too serious which is identical to travel with family or parents. The existence of a Backpacker Umrah, the communities want the more relax impression without ignoring the worship which becomes the main goal of tourism itself, so Easy Trip wants to do business feasibility study backpacker Umrah.

Data retrieval in the study was obtained from interview result with the different informants. The total of informants in the research is 5 (five) persons who meet the criterias of informant who had set earlier. There were 2 interview informants in this research, they are the competitor's consumers who had experience with backpacker traveling and three business owners who has been already running the business for three years. The researcher wants to acquire the information result from competitor's consumers to know what aspects the consumers consider when selecting a backpacker Umrah service. The researcher wants to know how the feasibility of backpacker Umrah business is by conducting interviews with the three competitors of backpacker Umrah.

Environmental factors in the growing multitude of young people in Surabaya who wants to go Umrah but also want the tour to other destinations will make a request service. Here is the formula of market aspect of Easy Trip in terms of STP, namely segmentation, target and positioning. (1) Segmenting. Segmentation that taken by backpacker Umrah Easy Trip is the intermediate and upper intermediate. Intermediate segmentation is chosen because this group has a lot of young people who want to Umrah because it follows the trend so like Umrah with a minimal budget. (2) Targeting. Target that becomes backpacker Umrah is a community of Islamic students at a University, a Qur'an Recital community of young people, and the community of mothers. The young people became the main target because they follow the trend Umrah and backpacker are not too formal and can do another tour. (3) Positioning. Easy Trip which is a new player in the services of backpacker Umrah Easy Trip positioning itself into a focus on services offered. Easy Trip presents backpacker Umrah with a choice that can be requested by consumers and select destinations after the mandatory Umrah activities, so that not only is doing Umrah but also travel to other places.

Here is the formula of market aspect of Easy Trip in terms of 4P that is product, price, promotion and place. (1) Products. Products or services offered by Easy Trip is a backpacker umroh with finished goods destinations or in accordance with budget and consumer desires. Consumers are given standardized service options but can also provide the offer they want. (2) The price. Easy Trip with the price which is not too far away with another travel between Rp 15 million to Rp 20 million. But that price is just Umrah worship only, not including other destination. (3) Promotion. The promotion program will be done by Easy Trip is marketing through online and offline media. For offline media, Easy Trip will distribute brochures, pamphlets, the installation of billboards in front of the offices, participation in the exhibition tour and travel are increasingly evident in Surabaya, as well as participation in the event as youngster concert. Media offline promotion that will be used is to create a website, instagram, twitter, facebook page and also the line @ to target young people are now oriented in social media. (4) Location. Location of the Easy Trip is easy to find in the side of the road of Western Surabaya, therefore it is not difficult to find the location. It is not difficult to find a parking space because Easy Trip has he availability of ample parking. Easy Trip provides convenience for consumers if it could not come at a location, simply booking over the phone and in eligibility will be assisted by Easy Trip until all requirements are met.

Based on interviews and measurements, it can be stated that the feasibility of backpacker business for the category of market aspect is feasible to do and develop (Table 1). Marketers should take into account cultures of Islamic countries when designing travelling and tourism packages, like halal tourism in flights, hotels,

Tabel 1. Criteria Market Aspect

No	Assessment Criteria	Eligible/ Not Eligible	Description
1	Required product customers	Eligible	The backpacker Umrah is a required service customer who like to Umrah but can also make a tour
2	The existence of market share and competition.	Eligible	Yet many competitors in Surabaya
3	External environmental factors and macroeconomic can affect demand for new products.	Eligible	Surabaya is a growing environment continues to make Easy Trip creates the needed services in society.

Source: Data Processed, (2017)

foods, and entertainments, call for prayer, providing the Holy Quran, and so on (Namin, 2013).

Based on the results of the interview with the speaker, the speaker has had all kinds of licenses such as a business license, NPWP, SIUP, TDP and also recorded on the Ministry of religious affairs. The service they offer is indeed more expensive with an Easy Trip but the legality of business that they have is equal to the services they provide. Easy Trip does not yet have a business license, TDP and SIUP, however already have NPWP references an individually on the owner or on the officers. This makes it an Easy Trip was doing the making of legality in order to complement the legal documents so that it can get more consumer confidence. The legality of the effort takes it to convince the consumer in order to believe in and use their travel. Based on interviews and observations, it can be stated that the feasibility of doing business backpacker in category legal aspect deserve to be run and developed (Table 2).

Tabel 2 Criteria Feasibility Law Aspect

No	Assessment Criteria	Eligible/ Not Eligible	Description
1	Legal entity	Eligible	Have a legal entity with a partner
2	Legality of Umrah implementation	Eligible	Legality is already trusted
3	The identity of employers clearly	Eligible	Employers provide clear information
4	Clear business location	Eligible	Real business location
5	The opening is clear	Eligible	Time hours operates in accordance
6	The company's operations are clearly	Eligible	The company's operations could be accounted for

Source: Data Processed, (2017)

Technical aspect is useful to facilitate consumers in reaching out to the business location. The following are the assumptions and technical aspect of the technology that will be run and developed by Easy Trip. (1) Location layout. Location layout of Easy Trip who were on the side of the road, as well as close to the center of the crowd made it easy for customers to find the location of this travel agency because there are huge billboards showing the location of Easy Trip. The location can also be accessed through Google Maps, however Easy Trip has not still registered its locations for business tools on google maps. (2) For the future, Easy Trip will register the location of the business in Google so that consumers will have no trouble finding the location. (3) Service of process. Service of process begins from the parking attendants that appears when it is really needed. Parking attendants will do their job so well that consumers would not be ranting about the parking service available. (3) Facility Capacity. Maximum parking facility can only accommodate 10 cars and 20 motorcycles, while for the capacity of the waiting room can only accommodate 30 people. Easy Trip also provided 3 counters with different purposes where the service can reach 30 minutes depending on the needs of each consumer. (4) Building. The building is quite new and seem simple to make consumers comfortable because the building has a billboard and neon box that can make it easy for customers to find it.

The ease of the location makes the consumer trust the business because the location is easy to find. Although sales marketing or agents also serve customers, there are several things to be done at the business location. Placement of strategic business location, service process, consumer capacity in the waiting room and facilities provided in the business location will determine whether the building is feasible or not. Based on interviews and observation results, it can be stated that the business feasibility of backpacker Umrah in the category of technical aspects is considered feasible to be done and developed (Table 3). Every examination of technical feasibility is preceded by a comprehensive analysis of the task, the system, and the 'systems' environment (Bause, et.al., 2014).

Aspect of the operational management needs estimation, planning the recruitment of labor and also the planning and control of the business. Here is the assumption of the management and operational aspect of Easy Trip. (1) The period of pioneering backpacker Umrah of Easy Trip. Period of Project Builder or construction services ranging from the determination of what services will be offered to consumers, target market, to search information with market research, research location, research the legality and also research the market price must be made with a maximum in order to reduce the risk of profit under 20%. (2) Backpacker Travel trip. Travel planning must have been cooperating with several hotels, transportation, destinations and

also other travel agents. Easy Trip already has indeed agreed with the signing of MOU with partner and related partners so that all plans will run smoothly. Consumers in planning the trip is assisted with marketing agents. (3) The Implementation Journey. The implementation of the journey becomes the most important factor because it determines customer satisfaction during the trip, whether it is in accordance with customer expectations. (4) Travel control. Controlling the journey is necessary because each trip must be monitored to avoid any misconduct and other technical errors such as incompatibility with schedules or inaccurate hotel booking confirmations. (5) Operational Period. Operational period made Easy Trip must have a competitive advantage that is by presenting an affordable service and having a good quality of service so that it can make into a positive brand image. (6) Estimated labor requirements. In every implementation of the business, we definitely need the aspect of resources that will run a business or an idea into a business. In some human resource planning, it is necessary to analyze these following things: Job Design, Job Description, Job Value, Human Resource Capacity. Easy Trip recruitment planning starts from: Recruitment, Productivity, Training and Development, Performance Appraisal, Compensation and Benefit, Career Planning, and savings.

Starting from recruitment, training, up to dismissal of labor, each business owner has an SOP that they create to be applied at the company. Based on interviews and observations, it can be stated that the feasibility of doing business backpacker on category management and operational aspect deemed worthy to do as well as developed (Table 4).

The financial aspect is examined is the Payback Period and the company's break-even. Of the three informants backpacker umrah providers, researchers found that the ability of the Payback Period each company is different because their initial business start-up is also different. All informant also stated that in the span of 2 to 4 years of operation, the new states have found their break-even in their business. Table 5 is the financial aspect of the assumption under normal conditions. The main challenge in pricing travel agency services is that pricing structure employed by the provider is based on an individual contract. A possible approach to pricing is component pricing approach, which can be broken down into number of standard components, such as domestic air tickets, international air tickets, accommodation, transaction fees, and travel management (Australian Bureau Statistics, 2014).

Table 5 explain that projected profit always grow every year means that the business can be running because in financial aspect can be accepted. The Table 6 explains that in the year of 2022 Easy Trip has a number of very large cash flow that is as much as Rp 855,809,678. These funds can be used to increase capacity building facility.

In a normal plan, Payback Period produce number 2.4924 years which means an initial investment issued will be back after two years and six months the company runs with normal plan (Table 7).

Assumed discount factor is 10%, therefore the normal plan is positive. NPV value of Rp 117,492,770 means that the investment is profitable for Easy Trip because the terms of investment feasibility research is $NPV > 0$, so the project runs decent. Based on interviews and observations, it can be stated that the feasibility of doing business backpacker category financial aspect deemed worthy to do as well as developed (Table 8).

Based on interviews and observation results, it can be stated that the business feasibility of umroh backpacker on the category of financial aspects is considered feasible to be done and developed (Table 9).

Managerial implications are expressed in several aspects, namely marketing, technical, management, law, and financial, managerial implications on the development of Business Umroh Backpacker shows in Table 10. Careful review of any proposal are essential before its design and development phase. The formal agreement may lead the process for actual implementations of the process (Mukherjee and Roy, 2017).

CONCLUSION

Based on the results of the analysis and calculation of several aspect that needing to be studied on the bussiness development feasibility of the backpacker Umrah, it can be drawn some conclusions that are based on the results of the qualitative analysis, that is market and marketing aspect, technical aspect, management and legal aspect, economic, social, and environmental aspect indicate that the pioneering backpacker Umrah and business development are feasible and deserve to be run and developed.

Based on the research results and conclusions that already done, researchers can provide suggestions as follows: (1) For Easy Trip, can follow fellow Umrah entrepreneur community is doing or learning from a backpacker Umrah already had once operates so that the development of the backpacker Umrah Easy Trip can be directional. (2) Further research are advised to use quantitative methods to examine the factors that determine the feasibility of the business so that research results can be in generalities for companies engaged in another backpacker Umrah.

Limitations of this research is needed for researchers to obtain data. It includes five aspect of the competitor: resource person, so there is actual reality that can be

acquired more depth and not served. These studies included in the analysis of the text, which base their assumptions on the data that was obtained by investigators for the backpacker Umrah, so the design assumptions and generate any researcher has argued that hanging with the ability of the researcher.

REFERENCES

- Australian Bureau of Statistics. 2014. Travel Agency and tour arrangement services. <http://voorburggroup.org>
- Bause, Katharina; Aline Radimersky; Marinette Iwanicki; Albert Albers. 2014. Feasibilities Studies in the Product Development Process. *Procedia CIRP* 21. 473 – 478.
- Hannert, Arthur. 2010. Feasibility Study of Community Based Tourism in Pinge Bali. <https://torismportfolio.files.wordpress.com>
- Kadariah, L. Karlina dan Gray, C. 2012. *Pengantar Evaluasi Proyek. Fakultas Ekonomi Universitas Indonesia. Jakarta.*
- Kotler, Philip dan Gary, Armstrong. 2012. Principles of Marketing. 14th Edition. New Jersey: Pearson Education Limited.
- Muhammad Idwenda Dachyar. 2012. *Analisis Kelayakan Investasi dan Resiko Proyek Pembangunan PLTU Indramayu PT PLN (Perseroan). Sidang Akhir Program Magister Manajemen. Universitas Indonesia.*
- Mukherjee, Momin and Sahadev Roy. 2017. Feasibility Studies and Important Aspects of Project Management. *International Journal of Advanced Engineering and Management*. Vol. 2, No. 4, pp. 98- 100.
- Namin, Tajzadeh A.A. 2013. Value Creation in Tourism: An Islamic Approach. *International Research Journal of Applied and Basic Science*. Vol. 4.
- OECD. 2017. Financing Approaches for tourism SMEs and Entrepreneurs. OECD Tourism Papers, 2017/03, OECD Publishing, Paris.
- Roziq, A., Saleh, M. and Hisamuddin, N., 2016. Analysis Of Business Feasibility Of Cassava Chips and Cassava Tape, Financing and Marketing Strategies for Entrepreneurial Cassava Farmers in Jember Regency.
- Suliyanto. 2012. *Studi Kelayakan Bisnis: Pendekatan Praktis. Edisi Pertama. ANDI. Yogyakarta.*
- Suryana. 2013. *Kewirausahaan Kiat dan Proses Menuju Sukses. Jakarta: Salemba Empat.*
- Umar, Husein. 2012. *Studi Kelayakan Bisnis (Edisi 2), Teknik Menganalisis Kelayakan Rencana Bisnis secara Komprehensif. Jakarta: Gramedia Pustaka Utama.*

Table 3. Feasibility Criteria of Technical Aspect and Technology

No	Assessment Criteria	Eligible/ Not Eligible	Description
1	Layout of the Site clear	Eligible	Strategic, into the road, google maps
2	Fast and good service of process	Eligible	Service is fast, friendly, easy and no ribet
3	Capacity of facility relief	Eligible	Fairly accommodate 30 people with 10 cars and 20 motorcycles.
4	Secure building	Eligible	The new building which was renovated

Source: Data processed, (2017)

Table 7. Projected Payback Period Normal conditions (in rupiah)

Item	Anmount	Accumulation
Cash Out	- 175.000.000	- 175.000.000
Incoming cash 2018	16.717.500	- 158.282.500
Incoming Treasury 2019	96.168.578	- 62.113.923
Cash go in 2020	126.141.401	64.027.479
Incoming cash 2021	217.843.842	281.871.321
Incoming cash 2022	248.938.356	530.809.678

Source: Data Processed, (2017)

Tabel 4 Criteria Feasibility Management Aspect and Operational

No	Assessment Criteria	Eligible/ Not Eligible	Description
1	Pioneering	Eligible	With pioneering research and market analysis (business plan)
2	Travel Planning	Eligible	Planning by doing research first
3	Implementation	Eligible	The implementation of the Umrah journey with SOP
4	Trip Control	Eligible	Control all Umrah activities from the Central Office.
5	Operational period	Eligible	The company's operations in the current year
6	Labor	Eligible	4 people with a different position.
7	Labor recruitment planning	Eligible	Ranging from recruitment to labor savings.
8	Planning and control	Eligible	Planning and control at the headquarters of the Easy Trip.

Source: Data Prosesed, (2017)

Table 5. Projected Profit Loss Easy Trip for 5 years in Normal conditions (in rupiah)

Description	2018	2019	2020	2021	2022
Sales	825.000.000	1.072.500.000	1.400.000.000	1.757.500.000	1.995.000.000
Ticket Cost	412.500.000	502.612.500	637.776.600	780.837.864	889.785.294
The cost of hotels in Mecca Medina	178.750.000	217.798.750	276.369.860	338.363.074	385.573.627
The cost of Visa/pilgrims	34.375.000	41.884.375	53.148.050	65.069.822	74.148.774
The cost of the bus/pilgrims	13.750.000	16.753.750	21.259.220	26.027.929	29.659.510
Pilgrimage/tour	17.600.000	21.444.800	27.211.802	33.315.749	37.964.173
Zam-zam	1.650.000	2.010.450	2.551.106	3.123.351	3.559.141
Airport Tax Jakarta-Jeddah/Medina	4.125.000	5.026.125	6.377.766	7.808.379	8.897.853
Administration Fee	6.875.000	8.376.875	10.629.610	13.013.964	14.829.755
Salary Employee	96.000.000	107.673.600	181.150.065	203.177.913	227.884.347
Gross Profit	59.375.000	148.918.775	183.525.921	286.761.956	322.697.526
The Cost Of Electricity	9.600.000	9.897.600	10.204.426	10.520.763	10.846.906
The Cost Of Sanitizing	4.800.000	4.948.800	5.102.213	5.260.381	5.423.453
Telephone Charges	7.200.000	7.423.200	7.653.319	7.890.572	8.135.180
The Cost Of Advertising Marketing	9.600.000	9.897.600	10.204.426	10.520.763	10.846.906
Office Administration Costs	9.600.000	9.897.600	10.204.426	10.520.763	10.846.906
Net profit Before tax of 10%	18.575.000	106.853.975	140.157.113	242.048.714	276.598.174
Tax of 10%	1.857.500	10.685.398	14.015.711	24.204.871	27.659.817
Net Profit After Tax	16.717.500	96.168.578	126.141.401	217.843.842	248.938.356

Source: Data Processed. (2017)

Table 6. the cash flow projection is an Easy Trip for 5 years in Normal conditions (in rupiah)

Description	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
The Initial Cash Flow	-	-	-	-	-
Initial Investment	325.000.000	-	-	-	-
Cash-Beginning Of Year	150.000.000	166.717.500	262.886.078	389.027.479	606.871.321
Cash Flow Operating Activities					
Sales	825.000.000	1.072.500.000	1.400.000.000	1.757.500.000	1.995.000.000
Ticket Cost	412.500.000	502.612.500	637.776.600	780.837.864	889.785.294
The cost of hotels in Mecca Medina	178.750.000	217.798.750	276.369.860	338.363.074	385.573.627
The cost of Visa/pilgrims	34.375.000	41.884.375	53.148.050	65.069.822	74.148.774
The cost of the bus/pilgrims	13.750.000	16.753.750	21.259.220	26.027.929	29.659.510
Pilgrimage/tour	17.600.000	21.444.800	27.211.802	33.315.749	37.964.173
Zam-zam	1.650.000	2.010.450	2.551.106	3.123.351	3.559.141
Airport Tax Jakarta-Jeddah/Medina	4.125.000	5.026.125	6.377.766	7.808.379	8.897.853
Administration Fee	6.875.000	8.376.875	10.629.610	13.013.964	14.829.755
Salary Employee	96.000.000	107.673.600	181.150.065	203.177.913	227.884.347
Gross Profit	59.375.000	148.918.775	183.525.921	286.761.956	322.697.526
The Cost Of Electricity	9.600.000	9.897.600	10.204.426	10.520.763	10.846.906
The Cost Of Sanitizing	4.800.000	4.948.800	5.102.213	5.260.381	5.423.453
Telephone Charges	7.200.000	7.423.200	7.653.319	7.890.572	8.135.180
The Cost Of Advertising Marketing	9.600.000	9.897.600	10.204.426	10.520.763	10.846.906
Office Administration Costs	9.600.000	9.897.600	10.204.426	10.520.763	10.846.906
Net profit Before tax of 10%	18.575.000	106.853.975	140.157.113	242.048.714	276.598.174
Tax of 10%	1.857.500	10.685.398	14.015.711	24.204.871	27.659.817
Net Profit After Tax	16.717.500	96.168.578	126.141.401	217.843.842	248.938.356
Operational Activities Net Cash	16.717.500	96.168.578	126.141.401	217.843.842	248.938.356
Cash Flow Financing Activities					
Financing Activities Net Cash	-	-	-	-	-
Cash Flow Investing Activities					
Investment Activities Net Cash	-	-	-	-	-
The Increase In Net Cash	16.717.500	96.168.578	126.141.401	217.843.842	248.938.356
Cash-Beginning Of Year	150.000.000	166.717.500	262.886.078	389.027.479	606.871.321
Year End Cash	166.717.500	262.886.078	389.027.479	606.871.321	855.809.678

Source: Data Processed. (2017)

Table 8. projections of Net Present Value in Normal Conditions
(a unit of rupiah)

Year	DF 10%	Cash Flow (Rp)	P.V from Cash Flow (DF 10% x Cash Flow)
2018	0,909	16.717.500	15.196.208
2019	0,826	96.168.578	79.435.245
2020	0,751	126.141.401	94.732.192
2021	0,683	217.843.842	148.787.344
2022	0,620	248.938.356	154.341.781
Total			492.492.770
Investment			375.000.000
NPV			117.492.770

Source: Data Processed, (2017)

Table 9. Eligibility Criteria Financial Aspects

No	Assessment Criteria	Eligible/ Not Eligible	Description
1	Payback Period of less than 3 years	Eligible	Payback Period of Easy Trip ranging from 1 year to 2 years and 3 months.
2	Net Present Value > 0	Eligible	NPV an Easy Trip in the pessimistic assumptions of the condition does not deserve to be executed, but in normal conditions and very optimistic feasible

Source: Data Processed, (2017)

Table 10 Business Development Managerial Implications Umrah Backpacker

Aspects	Before	After
Market Aspects	Marketing via social media and from friends to friends	<ul style="list-style-type: none"> • Follow the national exhibition in Surabaya • Because the times demand the company to follow the trend, companies create a Website that is held by one of the employees in order not dormant.mecaame • Market your services to the community and the Government. • Pay attention to the implementation of the service and the convenience of consumers.
Technical Aspects	Pay attention to the efficiency of the business location and facilities business place	<ul style="list-style-type: none"> • The addition of a Chair or sofa, the snacks in the waiting room. • Pay attention to the employees welfare by giving a reward to the best employees and seeking better wages. • Pay attention to legality and regulation of any business activities as well as Umrah.
Management Aspects	Pay attention to labor and compensation system to run the company.	<ul style="list-style-type: none"> • Pay attention to the employees welfare by giving a reward to the best employees and seeking better wages.
Legal Aspects	Have a legality as SIUP, TDP.	<ul style="list-style-type: none"> • Pay attention to legality and regulation of any business activities as well as Umrah journey • Make NPWP owner or employees.
Financial Aspect	Financial statements that are simple and easy to understand	<ul style="list-style-type: none"> • Records of all income and expenditures in detail in order to be recorded in presentable. • Perform evaluation of the recording • financial statements each month.

Source: Data Processed, (2017)

INFORMATION SECURITY ASSESSMENT USING ISO/IEC 27001: 2013 STANDARD ON GOVERNMENT INSTITUTION

Akmal Zaifullah Maingak

akmalzaifullah@gmail.com

Candiwan

Listyo Dwi Harsono

Faculty of Economics and Business, Universitas Telkom
Jl. Telekomunikasi Terusan Buah Batu, Bandung 40257, Indonesia

received: 21/12/17; revised: 02/01/18; published: 27/06/18

Abstract

The purpose of this research is to determine the existing gap to achieve ISO/IEC 27001:2013 certification and determine the maturity level of the information system owned by X Government Institution. The information system of X Government Institution would be assessed based on 14 clauses contained in ISO/IEC 27001: 2013. The method used is qualitative method, data collection and data validation with triangulation technique (interview, observation, and documentation). Data analysis used gap analysis and to measure the maturity level of this research used CMMI (Capability Maturity Model for Integration). The result of the research showed that information security which had been applied by X Government Institution was at level 1 (Initial) which meant there was evidence that the institution was aware of problems that needed to be overcome, unstandardized process, and tended to handle the problem individually or by case.

Keywords: *ISO/IEC 27001: 2013; information security; CMMI; assessment*

INTRODUCTION

Information is necessarily needed for an institution to decide. Susanto et al (2011) stated that information is a source of organizational life, an important business asset in the world of Information Technology (IT) today. Access to high-quality, complete, accurate and up-to-date information is important in supporting managerial decision-making processes that lead to sound decisions. Institutions will have many benefits if it has an information system that is able to manage information well.

Disterer (2013) argued that information and information systems are an important foundation for companies because more and more internal and inter-company data transfers will increase the risk of threats to information and information systems. Luo, et. al. (2011) stated that information system security management does not only depend on the size of the technology used but also on managerial efforts to manage it. Hu, et. al. (2012) argued that one of the main challenges in information system security management is to understand how organizational, individual and technical factors altogether influence the results of information security in an organization.

By having an information system with a good level of information security, institutional management can easily make management decisions. A decision that is not based on correct information will have a fatal impact on institutional activities to achieve institutional goals. In the management of institutional information security, there is certainly a risk of threats from inside and outside the institution that can harm an institution. Safa, et. al. (2015) confirmed that information security management risk includes two aspects: 1) software and security features, such as pop-up blocking, anti-spyware, and anti-virus software functions; 2) security care awareness behavior related to computer and internet use.

Based on a survey conducted by Cyber Security Breaches in 2016, the types of information security threats that are most prevalent in institutions in the world were viruses, spyware or malware, others impersonating organizations in emails or online, denial of service attacks, etc. In this survey, the most common type of threat to institutional information security is viruses, spyware or malware. Based on complaints obtained by ID-CERT from victims of internet abuse in Indonesia in 2010-2016, the main cause of internet abuse was dominated by spam, IPR, malware, network incident, spoofing/phishing, and spam complaints.

Based on Minister of Communication and Information Regulation No. 4 of 2016 concerning Information Management System Article 4, there were 3 categories of electronic systems based on the principles of risk and their impact, namely Strategic Electronic System, High Electronic System, and Low Electronic System. In the Minister of Communication and Information Regulation No. 4 of 2016 there is also a regulation in article 7 which stated that: (1) The Electronic System Operator that organizes the Strategic Electronic System must apply the SNI ISO/IEC 27001 standard and the security provisions stipulated by its Supervisor and Regulating Sector Agency. (2) The Electronic System Operator that organizes a High Electronic System must apply the SNI ISO/IEC 27001 standard. (3) The Electronic System Operator that organizes a Low Electronic System must apply the Information Security Index guidelines.

Although the above regulations have been issued by the Minister of Communication and Information, there are still many companies that do not apply information security standards to the information systems it has. Abu Saad, et. al. (2011) stated that despite organizational recognition of the importance of implementing information security standards such as ISO 27001, organizations often refrain from doing so because of the higher costs of implementing these standards, and the lack of evidence that these standards have a positive cost/benefit ratio.

X Government Institution is an institution that has the task of organizing affairs in the field of agrarian/land and spatial planning in the government to assist the President of the Republic of Indonesia in organizing state government. X Government Institution has an information system that can be accessed by government employees and the general public. Of course, it is necessary to manage information systems with very good information security quality to avoid various threats that can damage the X Government Institution's information system. Therefore, a standard is needed to regulate the governance of information security management system of X Government Institution.

To determine the standard, X Government Institution must implement information security standards that are in accordance with Minister of Communication and Information Regulation No. 4 of 2016 article 7, then an assessment of the Electronic System Category is based on the format issued by the Ministry of Communication and Information through the KAMI Index.

Based on the score of the determination of the Electronic System Category obtained by X Government Institution is 32, the X Government Institution is classified as an Electronic System Operator that organizes a High Electronic System. Because the Electronic System of X Government Institution is included in the high category, X Government Institution must apply the ISO/IEC 27001 standard to its Electronic System.

Based on the background that has been stated, the description of the problems to be discussed in this study is that X Government Institution needs to know the current gap information to be able to get ISO/IEC 27001:2013 certification and also as a public service provider agency, X Government Institution requires an assessment to find out the maturity level of information security owned on ISO/IEC 27001: 2013. The purpose of this study is to determine the existing gap to achieve ISO/IEC 27001: 2013 certification in the X Government Institution information system and determine the maturity level of information systems owned by X Government Institution. In general, research on information security assessment using ISO/IEC 27001:2013 only assesses several clauses, which are around 3-7 clauses, but in this study, we will assess the security of information in accordance with 14 clauses in ISO/IEC 27001: 2013.

Jawadekar (2012) proposed various definitions of information management system, namely: (1) IMS is defined as a system that provides information support for decision making in organizations, (2) IMS is defined as an integrated system of people and machines to provide information to support operations, management and decision-making function in organizations, (3) IMS is defined as a system based on a database of organizations that evolve with the aim of providing information to the community in the organization, (4) IMS is defined as a Computer Based Information System. While Tu and Yuan (2014) argued that information system management is systematic processes that effectively address information security threats and risks in an organization, through the application of appropriate physical, technical or operational security controls, to protect information assets and achieve business objectives.

To get a better grip on information processing activities, Jawadekar (2002) stated that a formal system is needed that must be met by the organization by considering things such as handling large amounts of data, confirming data and transaction validity, complex data processing and multidimensional analysis. fast search and data retrieval, mass storage, information system communication to users on time, and meeting changes in information needs.

Information Security Management System (ISMS) is needed in the implementation of organizational information security. There are several definitions of the information security management system, one of which was put forward by Chazar (2015) who stated that the ISMS is a systematic approach to establish, implement, operate, monitor, review, maintain and improve information security for organizations to achieve business goals. Whereas according to Islami, et. al. (2016), Information Security Management System is a system that combines analysis and design methods, information system users, community managerial problems and

ethical problems. The above definition showed that the security system includes a broader perspective compared to computer security (technical oriented).

The security plan will contain the determination of the combination of information security controls that are used, as well as the priority in implementing them. The basic content on information security plan documents (information security plan) according to Islami, et. al. (2016) were threats and weaknesses, goals and objectives, rules and responsibilities, and strategies and security controls.

There are various definitions of information security, one of which is the definition proposed by Islami, et. al. (2016) that information security is an effort of all members of the organization to protect information from various threats to ensure business continuity, minimize damage due to threats, and accelerate the return of investment and business opportunities.

Another definition of information security was put forward by Sarno and Iffano (2009) who stated that information security is safeguarding information from all possible threats in an effort to ensure/guarantee business continuity, reduce business risk and maximize/accelerate return on investment and business opportunities. Whereas Whitman and Mattord (2014) argued that information security is information protection and its critical characteristics (confidentiality, integrity, and availability), including systems and hardware that use, store, and transmit such information, through the implementation of policy programs, training and awareness, and technology.

The critical characteristics of information according to Whitman and Mattord (2014) were, confidentiality, integrity, availability, personal, identification, authentication, authorization, and accountability. Of the eight characteristics described by Whitman and Mattord, Sarno and Iffano (2009) argued that information security only covers the first three critical characteristics, namely: Confidentiality, Integrity and Availability.

There are various definitions of ISO/IEC 27001:2013, one of which is the definition proposed by Surya and Sulistyono (2016) namely ISO/IEC 27001:2013 is a special method that is structured about information security that is internationally recognized. Beckers, et. al. (2013) stated that ISO 27001 defines the requirements for establishing and maintaining ISMS and specifically this standard describes the process of making a model of all business risks of a particular organization and specific requirements for implementing security controls.

Whereas Dewi, et. al. (2017) stated that ISO/IEC 27001:2013 is a standard Information Security Management System (ISMS) standard document that provides a general overview of what should be done in an effort to implement information security concepts in an institution. Candiwan, et. al. (2016) argued that ISO/IEC 27001: 2013 is an information security standard that explains the requirements for creating, implementing,

implementing, monitoring, analyzing, and maintaining and documenting ISMS standards. Beckers, et. al. (2014) stated that ISO 27001 standards are compiled based on the "Plan-Do-Check-Act" (PDCA) model. In the Plan phase, ISMS is designed, in the Do phase, ISMS is implemented and operated, in the Check phase, ISMS is monitored and reviewed, and in the Act phase, ISMS is maintained and enhanced.

ISO/IEC 27001:2013 is the latest revision of ISMS (Information Security Management System) issued in October 2013 by ISO (The International Organization for Standardization) and IEC (The International Electrotechnical Commission). Candiwan, et. al. (2016) stated that there are 14 Main Clauses, and 114 controls in ISO/IEC 27001:2013 presented by the National Standardization Agency that can be applied to build ISMS.

To identify the maturity level of information security application with ISO/IEC 27001:2013 standards in this study required maturity model. Al-Mayahi and Mansoor (2012) argued that the concept of maturity model is regularly used in the field of Information Systems as an approach to organizational assessment. Any systematic framework for benchmarking and improving performance that has a continuous improvement process, can be considered as a model of the level of engagement. This study refers to the maturity model used by the COBIT (Control Objective for Information and Related Technology) framework or CMMI (Capability Maturity Model for Integration).

Komalasari and Perdana (2014) revealed that CMMI is a maturity model that is used to assess IT management more efficiently which can be applied to each ISO/IEC 27001:2013 clause. For the management of identifiers, the application of information security levels applied by the organization is based on the model of maturity levels ranging from level 0 (non-existent) to level 5 (optimized). The purpose of the maturity level model is to find out the existence of existing problems and how to determine the priority of improvement. The CMMI maturity level is generally shown in Table 1.

If grouped based on the value of the maturity level, it can be detailed as in Table 2. The use of maturity model allows management to identify current institutional conditions, current industry conditions for comparison, conditions desired by the institution, and desired growth between as-is and to-be.

METHOD

This study uses a qualitative approach to explore the object of research with a series of interview procedures with related parties. This study uses triangulation techniques with technical triangulation types. Engineering triangulation research used interviews, observation and documentation for the same data source simultaneously.

The results of interviews, observations and documentation were included in the work paper gap analysis. Gap analysis was done to compare the performance of information security that had been applied by the object of research with information security standard of ISO/IEC 27001:2013. The results of the work paper gap analysis were assessed into the maturity level assessment, can be seen in Table 3.

RESULT AND DISCUSSION

Data was analyzed with the first step to reduce the results of interviews, summarized the data of observations and studies on documents (Table 4). After conducting interviews, observations and studies of institutional documentation, there was evidence and several findings in the Data and Information Center of X Government Institution. The next step was to do gap analysis by comparing the facts with ISO/IEC 27001:2013, which then poured them into work paper gap analysis, contained the conditions, causes, impacts, gaps, recommendations and objective control values as shown in Table 5. Work Paper Gap Analysis has 114 objective controls from ISO/IEC 27001:2013 that must be implemented by Data and Information Center. Of the 114 objective controls, Data and Information Center only applied 64 objective controls or the application of ISO/IEC 27001:2013 was 56.14% while the objective controls of ISO/IEC 27001:2013 that were not implemented by Data and Information Center were as many as 50 controls or 43.86%.

The next analysis phase was the maturity level analysis of each answers of assessment questions. Assessment was carried out for each control with assessment criteria ranging from 0 to 5. After an assessment had been carried out for each objective control, to get the final index of maturity level in each annex, the maturity level index of each objective control was averaged, so that a final index of maturity level for information security was obtained in the Data and Information Center of X Government Institution. Table 6 is the results of the maturity level assessment of each ISO/IEC 27001:2013 clauses on information security implemented by the X Government Institution.

The results of the final assessment of maturity level could illustrate the extent to which Data and Information Center had implemented information security based on ISO/IEC 27001:2013. The results of the assessment will be described and analyzed with a graph of maturity level modeling.

This analysis was conducted to determine the maturity level position of Data and Information Center of X Government Institution in implementing information security based on ISO/IEC 27001:2013. What would then be compared between the current institutional maturity level, the institution's standard maturity level in general, and the targeted maturity level

or what X Government Institution wanted to achieve. Institutions generally had information security with level 3 of maturity level. While the Data and Information Center of X Government Institution wanted to achieve maturity level at level 4.

The modeling graph of maturity level will show the gap between the institution's maturity level position now and the standards of regulations, and the targets to be achieved. Figure 1 shows that the level of information security applied by Data and Information Center X Government Institution is level 1 namely Initial which means that there is evidence that the institution was aware of problems that must be addressed. However, there was no standard process, but used an ad hoc approach that tended to be treated individually or on a case-by-case basis. In general, the process approach was not organized.

The maturity level of institutions in general is at level 3. The information security applied by Data and Information Center of X Government Institution was still far below the information security of other institutions. The target to be achieved by Data and Information Center was information security with maturity level at level 4 or managed but based on the results of the maturity level analysis, Data and Information Center has not reached its desired target. Information security conditions owned by X Government Institution still have to be developed with reference to ISO/IEC 27001:2013 standards, such as adding some documentation and making improvements in implementing the control objectives contained in ISO/IEC 27001: 2013.

Figure 2 explains the results of the maturity level of each annex obtained which is then compared to the standard maturity level of ISO/IEC 27001:2013 (level 5) and the maturity level that is expected and targeted by X Government Institution (level 4). From the graph, there are several explanations, namely: (a) Information security of X Government Institution regarding Information Security Policy is at level 1 (Initial). This shows that there is evidence that the institution was aware of problems that must be addressed. In general, the process approach was not organized. (b) Information security of X Government Institution regarding Information Security Organization is at level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized. (c) Information security of X Government Institution regarding Human Resource Security is at level 3 (Defined). This shows that the procedures are standardized and documented and then communicated through training. Then it was mandated that these processes must be followed. However, irregularities could not be detected. The procedure itself was incomplete but had formalized current practices. (d) Information security of X Government Institution regarding Asset Management is at level 1 (Initial). This

shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized. (e) Information security of X Government Institution regarding Access Control is at level 2 (Repeatable). This shows that the process was developed into stages where similar procedures were followed by different parties for the same work. There was no formal training/communication of procedures, standards, and responsibilities submitted to each individual. There was a high level of trust in the individual to allow for very large errors. (f) Information security of X Government Institution regarding Cryptography is at level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized. (g) Information security of X Government Institution regarding Physical and Environmental Security is at level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized. (h) Information security of X Government Institution regarding Operation Security is at level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. However, there was no standard process, but used an ad hoc approach that tended to be treated individually/per case. In general, the process approach was not organized. (i) Information security of X Government Institution regarding Communication Security is at level 2 (Repeatable). This shows that the process was developed into stages where similar procedures were followed by different parties for the same work. There was no formal training/communication of procedures, standards, and responsibilities submitted to each individual. There was a high level of trust in the individual to allow for very large errors. (j) Information security of X Government Institution regarding System Acquisition, Development and Maintenance is at level 2 (Repeatable). This shows that the process was developed into stages where similar procedures were followed by different parties for the same work. There was no formal training/communication of procedures, standards, and responsibilities submitted to each individual. There was a high level of trust in the individual to allow for very large errors. (k) Information security of X Government Institution regarding Supplier Relations is at level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized. (l) Information security of X Government Institution regarding Information Security Incident Management is at level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized. (m) Information security of X Government Institution regarding Information Security Aspects of Business Continuity Management is at

level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized. (n) Information security of X Government Institution regarding Conformity is at level 1 (Initial). This shows that there is evidence that institution was aware of problems that must be addressed. In general, the process approach was not organized.

CONCLUSION

Based on the results and discussion, the following conclusions can be drawn: (1) Information security implemented by Government Institutions X is not in accordance with ISO/IEC 27001: 2013 standards. Of the 114 objective controls, only applied 64 or 56.14%. (2) Maturity levels and gaps in the information security of X Government Institution, it is concluded that the smallest annex values is Information Security Policy, Information Security Organization, Asset Management, Cryptography, Physical and Environmental Safety, Operation Security, Supplier Relations, Information Security Incident Management, Information Security Aspect of Business Continuity Management, and Conformity while the largest annex value is Human Resource Security.

REFERENCES

- Abu Saad, B., Saeed, F.A., Alghathbar, K. and Khan, B., 2011. Implementation of ISO 27001 in Saudi Arabia—obstacles, motivations, outcomes, and lessons learned.
- Al-Mayahi dan Mansoor. 2012. ISO 27001 Gap Analysis - Case Study.
- Badan Standardisasi Nasional. 2016. Teknologi informasi – Teknik Keamanan – Sistem Manajemen Keamanan Informasi – Persyaratan. Jakarta: BSN.*
- Beckers, K., Côté, I., Faßbender, S., Heisel, M. and Hofbauer, S., 2013. A pattern-based method for establishing a cloud-specific information security management system. *Requirements Engineering*, 18(4), pp.343-395.
- Beckers, K., Faßbender, S., Heisel, M., Küster, J.C. and Schmidt, H., 2012, February. Supporting the development and documentation of ISO 27001 information security management systems through security requirements engineering approaches. In *International Symposium on Engineering Secure Software and Systems* (pp. 14-21). Springer, Berlin, Heidelberg.
- Candiwan, Candiwan & Y D Beninda, M & Priyadi, Yudi. 2016. Analysis of Information Security Audit Using ISO 27001:2013 & ISO 27002:2013 at IT Division -X Company, In Bandung, Indonesia. 10.13140/RG.2.1.1483.3044.
- Chazar, Chalifa. 2015. *Standar Manajemen Keamanan*

Sistem Informasi Berbasis ISO/IEC 27001:2005 – Jurnal Informasi, Vol. 07, No. 2, November 2015: 48-57.

Cyber Security Breaches 2016. Laporan Cyber Security Breaches. United Kingdom: Department for Culture, Media & Sport.

Dewi, A.C., Nugroho, E. and Hartanto, R., 2017. *Manfaat Perealisasian Tata Kelola Keamanan Informasi Berbasis Sni Iso/iec 27001: 2009 pada Produksi Film Animasi (Kasus di PT. XX). Prosiding SNATIF, pp.843-847.*

Disterer, Georg. 2013. ISO/IEC 27000, 27001 and 27002 for Information Security Management – Journal of Information Security.

Expert Consultant Information System 2017. *Laporan Asesmen SNI ISO 27001. Jakarta.*

Hu, Q., Dinev, T., Hart, P. and Cooke, D., 2012. Managing employee compliance with information security policies: The critical role of top management and organizational culture. *Decision Sciences*, 43(4), pp.615-660.

IDCERT. 2013. *Profil Indonesia Computer Emergency Response Team [online]. Available: http://www.cert.or.id/tentang-kami/id/ [20 September 2017].*

Islami, D.C., IH, K.B. and Candiwan, C., 2016. *Kesadaran Keamanan Informasi pada Pegawai Bank x di Bandung Indonesia. INKOM Journal, 10(1), pp.19-26.*

Jawadekar, W.S. 2002. *Information system management.* New Delhi: Tata McGraw-Hill.

Kementerian Komunikasi dan Informatika. 2016. Peraturan Menteri Komunikasi dan Informatika Republik Indonesia Nomor 4 Tahun 2016 Tentang Sistem Manajemen Pengamanan Informasi.

Jakarta: Kominfo.

Kementerian Komunikasi dan Informatika. 2012. Indeks Keamanan Informasi (KAMI) Versi 2.2. Jakarta: Kominfo.

Komalasari dan Perdana. 2014. *Audit Keamanan Informasi Bagian Teknologi Informasi PT PLN (Persero) DJBB Menggunakan SNI ISO/IEC 27001:2013: 2009 – Jurnal Sistem Informasi, Vol. 9 No. 2, September 2014: 201 – 216.*

Luo, X., Brody, R., Seazzu, A. and Burd, S., 2011. Social engineering: The neglected human factor for information security management. *Information Resources Management Journal (IRMJ)*, 24(3), pp.1-8.

Safa, N.S., Sookhak, M., Von Solms, R., Furnell, S., Ghani, N.A. and Herawan, T., 2015. Information security conscious care behaviour formation in organizations. *Computers & Security*, 53, pp.65-78.

Sarno, Rianarto dan Iffano, Irsyat. 2009. *Sistem Manajemen Keamanan Informasi. Surabaya: ITSPress.*

Surya dan Sulistyono. 2016. *Penilaian Keamanan Jaringan Menggunakan Standar ISO/IEC 27001 Pada Kantor Redaksi Harian Suara Merdeka - Journal of Information System.*

Susanto12, H., Almunawar, M.N. and Tuan, Y.C., 2011. Information security management system standards: A comparative study of the big five. *International Journal of Electrical Computer Sciences IJECSIJENS*, 11(5), pp.23-29.

Tu dan Yuan. 2014. *Critical Success Factors Analysis on Effective Information Security Management: A Literature Review - Twentieth Americas Conference on Information Systems, Savannah, 2014*

Whitman dan Mattord. 2014. *Management of Information Security.* Stamford: Cengage Learning.

APPENDIX

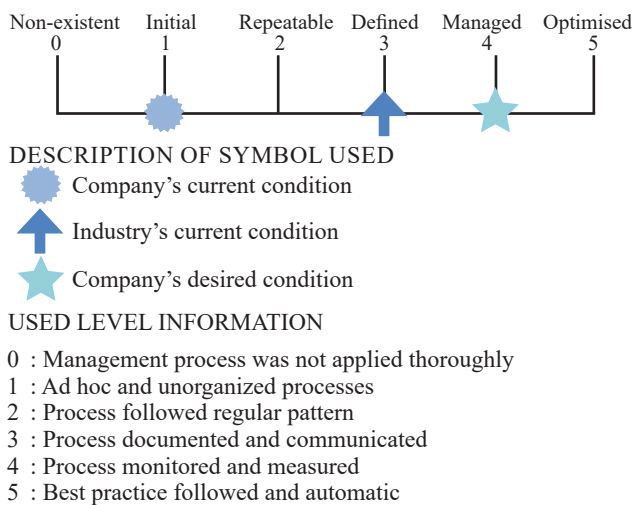


Figure 1. Overall Analysis Graph of Maturity Level

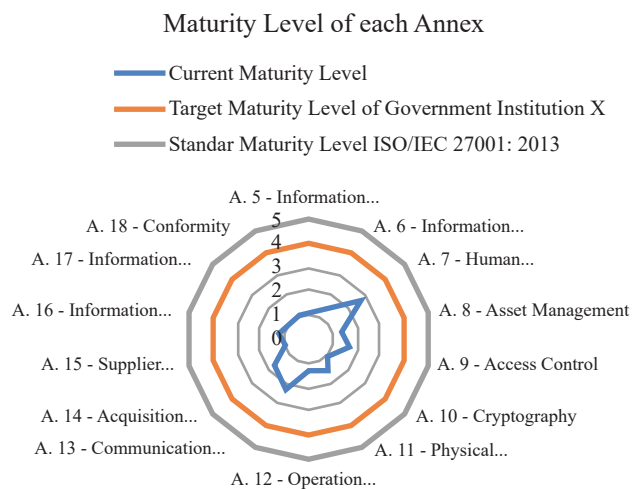


Figure 2. Graphic of Maturity Level of Each Annex

Table 1. Maturity Levels and Their Definition

Maturity Level	Definition
0 - Non- Existent	A complete lack of any recognizable process. The institution does not even know that there are problems that must be addressed.
1 – Initial	There is evidence that institutions are aware of problems that must be addressed. However, there is no standard process, but uses an ad hoc approach that tends to be treated individually/per case. In general, the process approach is not organized.
2 – Repeatable	The process is developed into stages where similar procedures are followed by different parties for the same work. There is no formal training/communication of procedures, standards, and responsibilities submitted to each individual. There is a high level of trust in the individual to allow for very large errors.
3 – Defined	Procedures are standardized and documented and then communicated through training. Then it is mandated that these processes must be followed. However, irregularities cannot be detected. The procedure itself is incomplete but has formalized current practices.
4 – Managed	Management monitors and measures compliance with procedures and takes action if the process cannot be done effectively. The process is under constant increase and the good practice provision. Automation and devices are used within certain limits.
5 – Optimized	The process has been selected into a good level of practice, based on the results of continuous improvement and modeling of maturity with other institutions. Information technology is used as an integrated way to automate workflows, providing tools to improve quality and effectiveness and make institutions adapt quickly.

Table 2. Maturity Indexes and Maturity Levels

Maturity Index	Maturity Level
0– 0,49	0 - Non-Existent
0,50 – 1,49	1 – Initial
1,5 - 2,49	2 – Repeatable
2,5 – 3,49	3 – Defined
3,5 – 4,49	4 – Managed
4,5 – 5,00	5 – Optimized

Table 4. Summary of Assessment Result

Annex	Summary
A.5 - Information Security Policy	Policies that have been made by the Data and Information Center such as the ICT Information Security Policy, Project Management Policy, Standard Policy for the Management of ICT Services, Project Management SOPs and other policies and SOPs that have not yet been fully implemented. These policies have never been reviewed.
A.6 - Information Security Organization	Data and Information Center has not defined the roles and responsibilities of information security for personnel from third parties, apprentices, etc. which are directly related to access to data and data processing systems. Efforts to separate tasks have been carried out but do not have a policy. Data and Information Center always maintains contacts of various institutions related to security, technology, law and so on. Data and Information Center has not specifically adopted information security aspects in project management activities. Data and Information Center does not have a specific policy to deal with risks that occur due to the use of mobile devices. X Government Institution does not carry out teleworking in its activities.
A.7 - Human Resource Security	Data and Information Center does not have a formal policy related to information classification and risk analysis of each information. X Government Institution has implemented written agreements regarding the obligations of employees and contractors using NDA. There is no formal policy related to the information security management system that can be used as a reference for carrying out duties and responsibilities related to employee development in terms of information security. The disciplinary process has been carried out in accordance with staffing provisions that apply to civil servants but has not been specifically applied. Dismissal mechanisms and changes in staffing in Government Institutions X have followed staffing regulations but have not been equipped with formal procedures.
A.8 - Asset Management	X Government Institution has been able to identify all assets related to information processing, but there are no guidelines for inventorying specific assets related to information assets. Assignment of assets to employees has been carried out using handover letters but there is no mechanism and documentation of assets when the assets are returned. There are no procedures governing the management of removeable storage media.
A.9 - Access control	Data and Information Center has carried out various access controls such as the use of access cards to enter the area of buildings and rooms that are within the X Government Institution

	and Data and Information Center, the placement of security officers to manage access and exit from external parties and the use of passwords to access systems and applications. Control and restrictions on physical access are not carried out in a disciplined manner. There is no formal policy regarding access control. Data and Information Center already has SOPs related to access to network services such as services for creating email accounts, opening internet access and opening user access rights. User ID is obtained through the registration process in advance, but the formal process related to registration is not owned by Data and Information Center.		regularly. There are no regulations governing electronic messages. Lack of understanding of risk and confidentiality of information. The NDA process has been carried out to third parties.
A.10 - Cryptography	Data and Information Center has used cryptographic techniques in order to protect information, but the use is still ad hoc, and no risk analysis has been carried out to determine analytical techniques. The existing cryptographic keys are generally still associated with a single key such as a password. Protection of cryptographic keys is still carried out in an ad hoc manner and is not well organized. Data and Information Center does not have a policy regarding cryptography.	A.14 - System Acquisition, Development and Maintenance	No information security requirements and control documents were found in the system or application development document. There is already control over the use of information networks to the public. There are no regulations regarding information protection from outside or unauthorized access. The principle for system engineering has been carried out only not yet well documented. Data and Information Center already has a different development environment than production. Data and Information Center has already supervised the system development carried out by outsiders. Acceptance testing and its criteria have been arranged and prepared both for the new system but not yet documented.
A.11 - Physical and Environmental Safety	In general, personnel who can enter the room at the office of X Government Institution have been filtered. Data and information security, especially in the server room, is still relatively low. There is no definitive special treatment for the security of server and archive rooms. In every room X Government Institution has installed an RFID-based access control device and its use procedures are applied. Only authorized personnel (having X Government Institution employee cards) can enter the room. In each room, an access control device has been installed to prevent unauthorized access and has a raised floor installed in the server room to reduce the risk of disaster, but there is no specific guide to equipment placement.	A.15 - Supplier Relations	At present there is no information security policy associated with cooperation with third parties, the agreement is still based on KAK. Lack of knowledge about risks to the impact of services by third parties. There is no agreement with suppliers regarding the information security risk requirements for services and products.
A.12 - Operation Security	Information processing is carried out based on needs or requests. X Government Institution does not yet have operational procedures for managing information including the process of request, processing and transfer or deletion. The information processing process is currently running even without procedures. Malware control currently uses NOD anti-virus. Backup information has been done regularly and backup testing has been done but there is no policy regarding information backup.	A.16 - Information Security Incident Management	There is no system for assessing the duties and responsibilities for information security incidents. There is currently no formal and periodic reporting on information security events. Reports are ad hoc according to the events that occur. Information security incidents were responded to but did not follow procedures because there were no procedures for handling information security incidents.
A.13 - Communication Security	The network has been managed even though it is not routine. The tasks and functions of network management are not performed properly and correctly. Network evaluation is not done	A.17 - Information Security Aspect of Business Continuity Management	There is no document regarding business continuity related to information security. There is no document to maintain the security of information security. Lack of employee knowledge in building information security aspects of business continuity management. A backup process is found but only for certain systems and does not use real time for the main application.
		A.18 - Conformity	At present the X Government Institution is applying the Minister of Communication and Information Regulation about the ISMS and other regulations related to information or data security. Copyright procedures have not been found. Protection of personal information has not been done thoroughly and systematically, it is still ad hoc or based on situations and events. A plan for periodic assessment of information security has not been found.

Table 3. Maturity Level Assessment

ANNEX						
ANNEX	Control	Question	Yes	No	index / objective control value	average index / control average value & maturity level
5	INFORMATION SECURITY POLICY					
5.1	MANAGEMENT DIRECTION FOR INFORMATION SECURITY					
	OBJECTIVE					
	to provide management direction and support for information security in accordance with business requirements and relevant laws and regulations.					
5.1.1	P O L I C Y F O R INFORMATION SECURITY	Is there policy for information security established, approved by management, issued and communicated to employees and related external parties?	√		1	1 1 Initial
5.1.2	INFORMATION SECURITY POLICY REVIEW	Is there policy for information security that has been reviewed in a planned time interval?	√		1	

Table 5. Work Paper Gap Analysis

ANNEX	CONTROL	CONDITION	EVALUATION	RECOMMENDATION	OBJECTIVE CONTROL VALUE
5	INFORMATION SECURITY POLICY				
5.1	MANAGEMENT DIRECTION FOR INFORMATION SECURITY				
	OBJECTIVE				
	to provide management direction and support for information security in accordance with business requirements and relevant laws and regulations.				
5.1.1	P O L I C Y FOR INFORMATION SECURITY CONTROL	CONDITION	GAP	RECOMMENDATION	1
	a set of policies for information security must be established, approved and communicated to employees and related external parties.	Data and Information Center used to design ICT information security policies, following were some of policy and procedure documents, which had referred to ISO 27001. The policies that had been designed among others were: <ul style="list-style-type: none"> • ISMS Policy & Standards • Project Management Policy • SDLC Policy • ICT Service Management Standard Policies • Project Management SOP • And others 	According to Annex 5, objective control 5.1.1, policies that had been made should be communicated to the employees and related external parties, so the policies can be established.	Data and information Center needed to define a higher level of “Information Security Policy” in accordance to ISO 27001 and ISO 27002, then approved by top management, which described the organization approach in managing information security’s objectives, and also communicated to employees and related external parties.	
		CAUSE	IMPACT		
		<ul style="list-style-type: none"> • The developed information security policies design was not formally established, approved by the management, published and communicated to employees and related external parties. • The information security policies design was still incomplete as required by ISO 27001. 	<ul style="list-style-type: none"> • The efforts made to perform information security still an ad hoc, not structured and reactive too, which cause the objective of information security yet to be achieved effectively, efficiently, and optimally. • The efforts for certification of ISMS needed basic correction. 		

Table 6. Maturity Level per Clause

Clause		Level
A.5 - Information Security Policy	1	Initial
A.6 - Information Security Organization	1,4	Initial
A.7 - Human Resource Security	2,6667	Defined
A.8 - Asset Management	1,2777	Initial
A.9 - Access control	1,5667	Repeatable
A.10 - Cryptography	1	Initial
A.11 - Physical and Environmental Safety	1,4722	Initial
A.12 - Operation Security	1,2857	Initial
A.13 - Communication Security	2,25	Repeatable
A.14 - System Acquisition, Development and Maintenance	1,7407	Repeatable
A.15 - Supplier Relations	1	Initial
A.16 - Information Security Incident Management	1,2875	Initial
A.17 - Information Security Aspect of Business Continuity Management	1	Initial
A.18 - Conformity	1,1	Initial
Average	1,432	Initial

FACTORS THAT AFFECT THE FINANCING VOLUME IN THE SHARIA COMMERCIAL BANKS

Maya Indriastuti

maya@unissula.ac.id

Indri Kartika

Faculty of Economics, Universitas Islam Sultan Agung
Jl. Kaligawe Raya, Semarang 50112, Indonesia

received: 14/05/18; revised: 20/06/18; published: 27/06/18

Abstract

The aims of this research are to analyze the effect of the Non Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Third-Party Funds (TPF) to the volume of financing of Sharia Banks in Indonesia. The data used is an annual report from Sharia Commercial Banks in the year of 2014 to 2016, were analyzed by multiple regression analysis. The results of this study indicate that the NPF has a positive insignificant to the volume of financing of Sharia Commercial Banks in Indonesia, FDR and TPF have a positive and significant to the volume of financing of Sharia banks in Indonesia. The implications of this research are for Sharia Commercial Banks to be able to consider the determination of corporate policies and improving operational performance in order to improve the financial performance of the company, especially related to the variables studied and its effects for them.

Keywords: *financing volume; non performing financing; financing to deposit ratio; third-party funds; sharia commercial banks*

INTRODUCTION

Financing is the main activity of banks that generate revenue for Islamic banks. Investment of funds to other parties in the form of financing has a default risk of the financing customer (Law No. 10 about Banking, 1998). According to (Law No. 10 about Banking, 1998) financing is the provision of money or equivalent claims, based on an agreement or agreement between the bank and other parties financed to refund the money or invoice after a certain period of time in exchange for a fee or profit share. Within sharia banking, the financing provided to users is based on sharia principles, the rules used are in accordance with Islamic law.

Expectations of sharia banks on the distribution of financing is not as smooth as what it wants, because the highest rating on Islamic bank financing is financing second-order financing is the financing for the results and the lowest is rental financing. This is based on sharia banking statistics data published by OJK until December 2014, financing with the principle of sale and purchase of 750,371, namely murabahah financing 117.371%, salam 0%, istishna 633%. Distribution financing of 63.741%, that are mudhorobah financing 14.354%, musyarokah financing 49.387%.

However, in terms of different positive growth marked the development of sharia banking in 2016 after the last 3 years experienced a slowdown in growth. The growth of assets and deposits of the national sharia banking industry in 2016 consisting of Bank Umum Syariah (BUS), Unit Usaha Syariah (UUS), and *Bank Pembiayaan Rakyat Syariah (BPRS)* each experienced growth of 20.28%, 16.41%, and 20.84%. The total assets of the national sharia banking industry in 2016 reached Rp. 365.6 trillion, PYD of Rp254.7 trillion and DPK of Rp 285.2 trillion. Likewise, the quality of financing, capital, profitability, liquidity, and efficiency level of sharia banking is reflected in the improved ratio of NPF, CAR, ROA, FDR and BOPO of sharia banking (*Otoritas Jasa Keuangan*, 2016), those same with (Al-Jarhi, 2014) that sharia banks better than conventional banks.

(Nikensari, et.al., 2012) said that NPF had no significant effect on the amount of mudarabah financing, because Non-performing Financing (NPF) used rescheduling and reconditioning scheme and financing into qordhul hasan. (Lusian, et.al., 2015) found that NPF has a significant impact to the financial returns. (Giannini, 2013) and (Sri, et.al., 2013) said that NPF variable does not affect the financing. (Nuryantono, et.al., 2016) found that non performing financing ratios as well as business services and social service sector.

(Husaeni, 2016) found that variables of nonperforming financing have a negative effect but insignificant to the Murabaha financing. Non Performing financing increase due to unoptimal collection of deposits (Lusian, et.al., 2015). Different with (Havidz and Setiawan, 2015) that non performing financing increase due to size, operational efficiency ratio, and GDP growth rate. (Baehaqie, et.al., 2017), non performing financing has a positive and significant to the deposit level. The NPF variable has a positive relationship is not significant to the financing (Ghenimi and Omri, 2015). This research same with (Akhtar, et.al., 2011) that NPF variable has a positive effect but not significant to the financing.

The research from (Wiranatakusuma and Duasa, 2017) found that the resistance of Islamic banking on external factors, there are deposits and financing. (Giannini, 2013) said that FDR variable negatively affects financing. (Husaeni, 2016) found that variable of FDR has a positive sign to the financing. In addition, the development of Islamic banks has also been supported by the legal basis with the issuance (Law No. 21 about Syariah Banking, 2008) on sharia banking issued on July 16, 2008. The existence of the Act will encourage the growth of Islamic banks evidenced by the development of Islamic banks impressive with average asset growth of more than 65% per year. The growth of sharia banks is of course influenced by various factors. The availability of Third Party Funds (TPF) becomes one of the important factors affecting the fulfillment of sufficiency of sharia bank financing fund. The higher the ratio of Third Party Funds, the better the level of public confidence in the bank concerned because the Third Party Fund is the main source of funds for the bank derived from public funds. (Husaeni, 2016) concluded that third-party funds have a significant positive effect on financing. This is in line with the findings (Sri Anastasya, 2013) that third party funds have a positive effect on financing.

Based on previous findings, this study is intended to analyze and empirically examine the factors affecting the financing volume of sharia banks in Indonesia.

(Giannini, 2013) and (Sri, et.al., 2013) said that NPF variable does not affect the financing. (Nuryantono, et.al., 2016) found that non performing financing ratios as well as business services and social service sector. (Husaeni, 2016) found that variables of nonperforming financing have a negative effect but insignificant to the Murabaha financing. Non Performing financing increase due to unoptimal collection of deposits (Lusian, et.al., 2015). The capability of the bank to collect deposit is very crucial for its intermediary function. (Havidz and Setiawan, 2015) told that non performing financing was affected by size, operational efficiency ratio, and GDP growth rate. (Baehaqie, et.al., 2017), non performing financing has a positive and significant to the deposit level. The NPF variable has a positive relationship is not significant to the

financing (Ghenimi and Omri, 2015). (Akhtar, et.al., 2011) that NPF variable has a positive effect but not significant to the financing.

The higher NPF ratio, indicate the quality of sharia bank financing is getting worse. The high NPF ratio resulted in the smooth operation of sharia bank business to be disturbed, so the level of bank health becomes decreased. Due to the high NPF, banks must provide greater reserves, so that in the end the bank's capital will be eroded. The amount of capital greatly affects the amount of credit expansion or financing. As a result, banks will be more cautious or selective in the process of financing to avoid the risk of problem financing. This is due to the potential for uncollectible financing.

H1: NPF negatively affects the financing volume of Sharia Commercial Bank.

Banks with a very high FDR, then the bank will have the risk of uncollectible loans so high that at some point the bank will incur losses. Therefore, Bank Indonesia in the Bank Indonesia Regulation of 2013 has set the standard for FDR, which ranges from 78% to 92%. Thus FDR is predicted to have a significant effect on the distribution of financing or credit.

The research from (Wiranatakusuma and Duasa, 2017) found that the resistance of Islamic banking on external factors, there are deposits and financing. (Giannini, 2013) said that FDR variables negatively affect financing. (Husaeni, 2016) found that variables of FDR have a significant positive to the financing. FDR is a factor to measure bank soundness in liquidity. FDR is also related to the distribution of financing because of the activities of the distribution of financing or lending banks can meet its short-term obligations, repay all depositors who took funds at any time, and meet the credit proposed.

H2: FDR negatively affects the financing volume of Sharia Commercial Banks.

(Husaeni, 2016) states that third party funds have a significant positive effect on financing. This is in line with the findings of (Sri, et.al., 2013) that third party funds have a positive effect on financing. The activities of banks after collecting funds from the wider community are channeling the funds back to the communities that need them, in the form of financing. So, as higher as the level of DPK of a Syariah bank, it will be higher the amount of financing done by the sharia bank.

H3: TPF positively affects the financing volume of Sharia Commercial Banks.

METHODS

This study is a quantitative study on Syariah commercial banks in Indonesia using secondary data analysis derived from the financial statements of sharia banks in Indonesia. Determination of the sample in this

study uses census method, where the population of the sample with dama, obtained 11 sharia commercial banks active from 2014-2016 in Indonesia.

a. Non Performing Financing (NPF) is a ratio that describes the amount of nonperforming financing to the total financing provided by the bank (Giannini, 2013). The formula:

$$NPF = \frac{\text{Total Credits}}{\text{Troubled Credit}} \dots\dots\dots(1)$$

b. Financing to Deposit Ratio (FDR) is the ratio between the amount of financing provided by the bank and the third party funds received by the bank (Giannini, 2013). The formula is:

$$FDR = \frac{\text{Total Third Party Funds disbursed}}{\text{Amount of Financing}} \dots\dots\dots(2)$$

c. Third Party Funds (TPF) represent non-bank third party deposits consisting of demand deposits, savings deposits, and time deposits. The value can be seen in the position of Islamic bank TPF at the end of the period expressed in billion rupiahs (Husaeni, 2016).

d. Financing Volume

The position of the volume of financing or total financing disbursed by the Sharia Commercial Bank at the end of the period.

This research uses multiple linear regression analysis techniques (Ghozali, 2013) with the following equation:

$$Y = a + b1X1 + b2X2 + b3X3 + \varepsilon \dots\dots\dots(3)$$

note :

- Y = Financing of Sharia Commercial Bank
- X1 = Non performing financing (NPF)
- X2 = Financing to deposit ratio (FDR)
- X3 = Third Party Funds (TPF)
- b1 = NPF coefficient
- b2 = FDR coefficient
- b3 = TPF coefficient
- a = Constant (intercept)
- ε = Residual

RESULTS

Based on regression test result, regression equation can be made as follows:

$$Y = -0,414 + 0,025 NPF + 0,238 FDR + 0,299TPF. \dots\dots(4)$$

The result of statistical computation showed F count= 4,445 with significance of 0,001. It means that, NPF, FDR, and TPF simultaneously have positive significant effect on volume financing (table 1).

Table 1. F Statistical Test ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.122	3	.529	4.445	.001 ^a
	Residual	6.221	30	.319		
	Total	12.763	33			

Source: data, 2018

The value of determination coefficient (adjusted R2) was 0,510 which means that only 51% of financing volume in this research could be determined by the 3 variables (NPF, FDR, and TPF), while other 49% of financing volume could be determined by other variables (Table 2).

Table 2. Determination Coefficient Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.868 ^a	.675	.510	.67681	1.842

Source: data, 2018

The result of t test showed in Table 3.

Table 3. t Statistical Test

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	-.414	.803			.138	.991
	NPF	.025	2.324	.133		1.619	.190
	FDR	.238	4.153	.382		3.737	.001
	TPF	.299	5.471	.482		4.154	.000

Source: data, 2018

Based on the regression output obtained value t arithmetic NPF variable of 1.619 and the value of sig. t arithmetic of 0.190 greater than the value of alpha (α) = 0.05, it can be concluded that the variable NPF positively insignificant effect on the volume of financing of sharia banks.

Regression output obtained value t arithmetic FDR variable of 3.737 and the value of sig. t arithmetic of 0.001 is smaller than the value of alpha (α) = 0.05. With t arithmetic has a positive coefficient direction, it can be concluded that the variable FDR have a significant positive effect on the volume of financing of sharia banks.

Regression output obtained value t arithmetic variable TPF is 4.154 and sig value. t arithmetic of 0.000 smaller than the value of alpha (α) = 0.05. With

t arithmetic has positive coefficient direction, it can be concluded that TPF variable has a significant positive effect on the volume of financing of sharia bank.

DISCUSSION

The result of the test with regression analysis shows that NPF has no significant positive effect on the volume of financing of sharia bank in Indonesia. The test results also contradict the hypothesis that has been formulated in this study, which states that the NPF negatively affect the volume of financing of sharia banks. The first hypothesis was rejected due to differences in NPF characteristics among sharia commercial banks, where there are some sharia banks that have NPF values that tend to increase and others tend to decrease.

The results of this study are in line with (Baehaqie, et.al., 2017) which concludes that NPF has a significant positive effect. But unlike the results of research (Husaeni, 2016) state that the NPF has a negative effect is insignificant on financing. (Sri, et.al., 2013) also stated that the NPF had a non-significant negative effect on financing. The same results are also shown by (Giannini, 2013) that NPF has no effect on financing. The results of (Purbaningsih, 2014) states that NPF has no significant negative effect on financing.

Test results with regression analysis showed that FDR has a significant positive effect on the financing volume of sharia banks in Indonesia. The results are in line with research conducted by (Husaeni, 2016) which states that FDR has a significant positive effect on financing, but contradicts the hypothesis concluded in this study, since the average FDR value of sharia banks in this study is already within the limits the ideal of Bank Indonesia regulation in 2013, which ranges between 78% - 92%, and also because most customers of sharia banks are loyal customers, so it is not the main consideration of sharia bank management in making decisions regarding the distribution of financing. In contrast (Giannini, 2013) states that FDR negatively affects financing.

The test results show that TPF (Third Party Fund) has a significant positive effect on the volume of financing of sharia banks in Indonesia. The results of this analysis are in accordance with the hypothesis that has been formulated previously. The research that has been done previously, namely by (Husaeni, 2016) that the TPF has a positive effect on the volume of financing. (Sri, et.al., 2013) also showed similar results. Third Party Fund (TPF), is a market share of third-party funds collected by individual banks individually. The higher this ratio, the better the level of public confidence in the bank concerned. The activities of banks after collecting funds from the wider community are channeling the funds back to the communities that need them, in the form of financing. So, as high as the TPF level of a Syariah bank will be as high as amount of financing done by the sharia bank.

The effect of the positive and significant amount of third-party funds on financing volume is in accordance with the theory that the TPF is the main source of Islamic banking funding. Therefore Islamic banks are in dire need of funds sourced from third parties. Sharia banks as financial institutions have a high priority in allocating funds to financing disbursements. This is because the main source of profit banking sector obtained through the provision of credit to the community. Because Islamic banks are in dire need of funds to be channeled back. The main source of funds is obtained through a third party, in this case, the community as depositors who deposit funds in the bank. In performing its function as an intermediary between the surplus party and the sharia bank deficit has many products that lead to the collection of third-party funds. The greater the funds raised from the community, the greater the funds that can be disbursed by Islamic banks through financing.

CONCLUSION

The results of research and discussion, it can be concluded that the NPF (Non-Performing Financing) positively affect the volume of financing at sharia commercial banks in Indonesia. Furthermore, FDR (Financing to Deposit Ratio) has no effect on the financing volume of sharia banks in Indonesia. TPF (Third Party Fund) has a positive effect on the financing volume of sharia banks in Indonesia. The results of this study can provide benefits for Islamic banks themselves to be able to consider the determination of corporate policies and improve operational performance in order to improve the financial performance of the company, especially related to the variables studied and its effects for Islamic banks.

REFERENCES

- Akhtar, Muhammad Farhan, Ali, Khizer, and Sadaqat, S., 2011. Liquidity Risk Management: A comparative study between Conventional and Islamic Banks of Pakistan. *Interdiscip. J. Res. Bus.* 1, 35–44.
- Al-Jarhi, M.A.M.M., 2014. Towards an Economic Theory of Islamic Finance Regulation. *J. Islam. Bank. Financ.* 2, 345–366.
- Anastasya, S., 2013. The Influence of Third Party Funds, CAR, NPF, and ROA Against The Financing of A General Sharia-Based Bank in Indonesia. In: *International Conference on Business, Economics and Accounting* 20-23 March 2013.
- Baehaqie Sofyan, Fahmi Idqan, and B.S.I., 2017. Determining Factors of Deposit Level of Islamic Bank in Indonesia. *Al-Istishad J. Ilmu Ekon. Syariah (Journal Islam. Econ.* 9, 213–226.
- Ghenimi, Ameni and Omri, M.A.B., 2015. Liquidity Risk Management: A Comparative Study between Islamic and Conventional Banks. *J. Bus. Manag. Econ.* 3, 25–30.

- Ghozali, I., 2013. *Analisis Multivariate dengan Program SPSS. Fakultas Ekonomi Universitas Diponegoro.*
- Giannini, N., 2013. *Faktor yang Mempengaruhi Pembiayaan Mudharabah pada Bank Umum Syariah di Indonesia. Account. Anal. J. 1.*
- Havidz, Shinta Amalina Hazrati and Setiawan, C., 2015. Bank Efficiency and Non-Performing Financing (NPF) In The Indonesian Islamic Banks. *Asian J. Econ. Model. 3*, 61–79.
- Husaeni, A.U., 2016. The Variables that Affect Murabaha Financing in Islamic Commercial Banks. *Int. J. Nusant. Islam 4*.
- Law No. 10 about Banking, 1998.
- Law No. 21 about Syariah Banking, 2008.
- Lusian, S., Siregar, H. and Maulana, T.N.A., 2017. *Analisis Faktor-faktor Penyebab Pembiayaan Bermasalah di Bank Pembiayaan Rakyat Syariah XYZ periode 2009 – 2013. Jurnal Keuangan dan Perbankan, 16(1).*
- Nikensari, Sri Indah, D.S. dan T.S., 2012. *Pembiayaan Mudharabah dan Kaitannya dengan NPF dan Bagi Hasil. J. Econo Sains X.*
- Nuryartono, N., Saptono, I.T. and Wasan, G.H., 2016. *Kaitan Kondisi Makroekonomi dengan Non Performing Financing Berdasarkan Sektor Ekonomi pada Perbankan Syariah di Indonesia. Jurnal Keuangan dan Perbankan, 20(1).*
- Otoritas Jasa Keuangan, 2016. *Laporan Perkembangan Keuangan Syariah [WWW Document].*
- Purbaningsih, Y.P., 2014. The Effect of Liquidity Risk and Non-Performing Financing (NPF) Ratio to Commercial Sharia Bank Profitability in Indonesia. In: *International Proceedings of Economics Development and Research (IPEDR).*
- Wiranatakusuma, D.& J.D., 2017. Building an early warning towards the resilience of Islamic banking in Indonesia. *Al-Iqtishad J. Ilmu Ekon. Syariah (Journal Islam. Econ. 9*, 13–32.