II UZBEK-INDONESIAN JOINT INTERNATIONAL CONFERENCE

Economics and Management Towards Nation Character Development

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- Economic science, education and formation of human capital
- Social policy and labor market
- World economy and development of national economic system
- Financial system and financial and credit institutes

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prof. Dr. Kalandar Abdurakhmanov – director of Branch of Federal State Budget Educational Establishment of Higher Professional Education “Russian Economic University after G.V. Plekhanov” in Tashkent

“II Uzbek-Indonesian Joint International Conference”
Economics and Management Towards Nation Character Development
Tashkent-Jakarta, 2012

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FOREWORD

Dear participants of international conference!

On behalf of staff and students of the branch of Russian economic university after G.V. Plekhanov in Tashkent allow me to greet all the participants of the international conference and express gratitude to the rector of Gunadarma University professor E. Margianti for participation in this event.

Representatives of Indonesia have been to the Branch many times. A large-scale “Uzbekistan-Indonesia” culture forum was organized and held at our university. Regular meetings with students of our university is an indicator of importance of such events in deepening and developing bilateral cooperation between Uzbekistan and Indonesia in various areas, in particular in education sphere. These aspects were the basic theme of negotiations with the Branch authorities during the visit of Ambassador of Indonesia in Uzbekistan. During his visit Extraordinary and Plenipotentiary Ambassador of Indonesia in Uzbekistan Mr. Mohammad Asruchin made a report on the issues of economy development of Indonesia for the students of the Branch. It is very important for the university to expand outlook of our students. Meetings of such level, certainly, help to learn more about the country, its culture and history, and especially national economy. During the meeting students of Branch asked the Ambassador of Indonesia a lot of different questions on education system, opportunity of training in universities of the country, organization of joint seminars, symposiums and discussions of projects and programs representing mutual interest and student’s exchange programs as well.

The delegation of Gunadarma University headed by the rector of university prof. E. Margianti visited the Branch several times. Gunadarma University specializes in the sphere of information technologies. There are 1300 teachers in the University. The university has partner programs with universities of the USA, France, England and etc. University consists of twelve departments in the capital city Djakarta and it takes the fifth place according to the rating in Indonesia. Gunadarma University was founded in 1981 and successfully functions in the sphere of education and scientific and research works. During the meetings there also signed Cooperation agreement between Gunadarma University and the Branch of REU after G.V. Plekhanov in Tashkent.

The given agreement provides bilateral cooperation between two universities in sphere of carrying out the research works which represent a mutual interest, short-term exchange of teachers and scientists for implementing scientific researches, consultations promoting scientific personnel education, organization of joint seminars, symposiums and discussions of projects and programs representing a mutual interest and students' exchange as well.

Within the limits of the given agreement the delegation of the Branch of Russian economic university after G.V. Plekhanov in Tashkent visited Indonesia in October, 2011 and took part in the work of Uzbek-Indonesian joint international conference organized by Gunadarma University. Extraordinary and Plenipotentiary Ambassador of Uzbekistan in Indonesia in Uzbekistan Mr. Shavkat Djamalov took part and made a report at the conference.

While visiting Indonesia we admire this country and its hospitable people every time. Gunadarma University and its staff impressed us greatly; it is a great honor for us to be partners of one of the largest and well-known universities of Indonesia.

In 2012 Russian economic university celebrated its 105 anniversary from the date of its foundation. During its activity the University trained more than 150 thousand highly qualified specialists, about 2300 specialists are from Tashkent Branch in the Tashkent Branch. They work successfully in Russia, Uzbekistan and in the countries of the near and far abroad. Achieving high results in various spheres of activities, the graduates of the University rank the leading positions in politics and economy, business and science, continue renowned teaching traditions at the universities of Russia and abroad. We do our best for our students to do well in studying.

At the University training is conducted on 22 educational programs of higher professional education, three sets of programs of additional professional education. We have made contracts on students’ exchange and cooperation on programs of double and triple diploma with the higher educational institutions of 17 countries of the far and near abroad. High level of education in our University is known far of Russia boundaries. For more than 105 years of its existence REU after G.V. Plekhanov has always been famous for its teaching staff. For the period of its functioning the Branch in Tashkent has steadily ranked the place on the market of educational services of the Republic of Uzbekistan. Hundreds of applicants annually compete for the right to study in our Branch.

On September, 21-22 In the Branch of Russian economic university after G.V. Plekhanov in Tashkent there conducted II Uzbek-Indonesian joint international conference Economics and Management Towards Nation Character Development jointly with Gunadarma University and with the support of Embassy of Indonesia in Uzbekistan. The collection of theses of participants' reports has been published on the basis of researches materials of leading and young scientists, who have perspective views on innovative development of national economy at the beginning of the conference. Conference, its total documents and recommendations become a practical basis of consolidation of our universities with the purpose of development of higher education.

I wish all the participants fruitful and constructive work.

Director of the Branch of “Russian Economic university after G.V. Plekhanov” in Tashkent,
Doctor of economic sciences, professor Kalandar Abdurakhmanov
FOREWORD

First of all, I am honouer and pleased to present my foreword for the Proceedings of "II Uzbek-Indonesian Joint International Conference on Economics and Management Towards Nation Character Development". This conference was obviously the culmination of the vision, dedication and the cooperation of Gunadarma University, Jakarta, Indonesia and Branch of Russian Economic University after G.V.Plekhanov in Tashkent, Uzbekistan. The conference is planned to be held alternately in Indonesia and Uzbekistan in the time series. The first conference of October 18-19, 2011 has been organized in Jakarta, Indonesia is the first event in this plan series.

"II Uzbek-Indonesian Joint International Conference on Economics and Management Towards Nation Character Development" that will be held in Branch of Russian Economic University after G.V.Plekhanov in Tashkent, Uzbekistan on September 21-22, 2012 as the next steps of the collaboration and cooperation as well others occasion in the future, I belif will bring us to be closer in some aspects.

In the first conference has been presented 38 papers which cover a broad spectrum topics of economics and management towards nation character development. These papers captured the spirit of the Conference and reflect its major focus and objectives. The articles provide an overview of critical research issues reflecting on past achievements and future challenges, while for the second conference, Gunadarma University will send a fullteam delegation of Economic Faculty included Rector, and Vice Rector IV of Collaboration and Cooperation, Dean of Economic Faculty, Head of Department and Center as well Head of Departments and senior researchers from Diponegoro University, Semarang to convey the research articles and paper covering many aspects of insightful, inspirational messages, scholarly analysis of critical policy, programs issues of economics and management as well as experienced-based notes for practice. I belif that can provided a significant contribution to the development of knowledge in this interested area.

In this special occassion, I'd like to take this opportunity to expressed my gratitudes and thanks to all people who made this first conference the success as it was. Firstly, allowed me to give my special appreciation and gratitude to leaders of Branch of Russian Economic University after G.V.Plekhanov in Tashkent, Uzbekistan in their trust to Gunadarma University in building cooperation for mutual benefit. I took this opportunity to make a balance situation of inviting Rector of Branch of Russian Economic University after G.V.Plekhanov in Tashkent, Uzbekistan, Prof Dr Abdurahmanov K. Kh to become Honorary Profesor in Gunadarma University, Jakarta, Indonesia as well I was in Branch of Russian Economic University after G.V.Plekhanov in Tashkent.

I encourage the continuation and development of cooperation programs and services which serve to strengthen economics and management in both countries and the relationships between Branch of Russian Economic University after G.V.Plekhanov in Tashkent, Uzbekistan and Gunadarma University, Jakarta, Indonesia.

In this occassion, please allowed me also to express my appreciation and gratitude to all of the organizing team including scientific committee, program chairs, session chairs, and others, for their commitment, effort and dedication in undertaking their own task to bring the success of this conference.

Finally, I owe our gratitude to all the conference participants for their contributions to the intellectual discourse during the conference and for the overall success of it. The conference would not have been successful without the support and active contribution from all participants.

As closing remarks, Let’s say thanks to the Lord Almighty God for all His blessing on us.

Prof. Dr. E.S. Margianti, S.E. MM
Rector of Gunadarma University
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PART I

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Adi Kuswantoro
Ambo Sakka Hadmar
Andrea Widianti Maris
Anita Wasutiningshih
Apriansah
Aris Budi Setyaawan
Christ Stevanus
Didin Mukidim
Djoko Sudantoko
Donny Erlangga
Dwi Asih Haryanti
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Eny Haryatmi
Eri Prasetyo Wirbo

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Imam Subaweh
Iman Murtono Soenhadjji
Indah Susilowati
Irni Ristika Sari
Julius Nursyamisi
Maulana Ali
Misidyono
Nur Mertani Aquariza

Pandam Rukmi Wulandari
Renny Nur’ainy
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Akmaral Balakhanova
Alexandr Bedriintsev
Aliaskar Suzvankulov
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Anvar Usmanov
Bakhodir Begalov
Bakhodir Shamsuddinov
Bahtiyor Islamov
Bakhdor Umurzakov
Boyumurod Ulashov
Bobur Shermukhamedov
Boris Ogonyants
Botirbek Agramov
Dariko Balakhanova
Dilfuza Sultanova
Dilorom Almatova
Dilshod Tairov
Dilshoda Maksudova
Dilyafruz Nasirkhodjaeva
Doniyor Islamov
Elena Arkhangelskaya
Elena Gerasikova
Elena Vasiliyeva
Elina Enikeeva
Evgeniy Sukhanov

Faina Filina
Farid Sagidullin
Farkhad Muydinov
Feruz Sidikova
Guilam Urumbaev
Guichhehra Akhunova
Guilnora Abdurakhmanova
Guzal Abirova
Guzal Adilova
Inna Kibina
Irina Zhukovskaya
Jasur Ne’matov
Kabiliyan Khasandzhonov
Kalandar Abdurakhmanov
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Khamid Abduramandov
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Khusnutdin Muratov
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Lyudmila Shibarshova
Mahbuba Aliyeva
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Mastura Allyarova
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Rustam Yuldashev
Saaidhorr Gulyamov
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Ulugbek Shermukhamedov
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Thank you for participating in our conference
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industrialization and modernization development of America and other countries, especially in the view of global capitalism and hegemony of America and its own interest.

By learning American values and cultural patterns with their impacts the writers remind that we must be careful because every country has its own agenda in international relationship. Indonesian people must be aware of this situation and condition and Indonesian decision makers like government, and House of Representatives and even Indonesian people broadly must have deep knowledge and understanding about other countries’ culture, including American culture, before they cooperate and communicate with other countries. They should be able to filter in order to secure their national interests like national culture values and identity.

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THE MASTERY OF BASIC COMMUNICATION SKILLS OF FOREIGN LANGUAGES AS ONE OF THE EFFORTS IN IMPROVING MARKET-ACCESS AND PRODUCT-EXPORT PERFORMANCE OF SMALL AND MEDIUM ENTREPRISES IN INDONESIA

Aris Budi Setyawan
Business and Enterpreneur Diploma Programme, Gunadarma University
Ichwan Suyudi
Faculty of Letters, Gunadarma University

Abstract
The strength of small and medium enterprises (SMEs) is still relying on the local market, though they have given significant contributions to the Indonesian economy. This is due to the fact that they have not utilized global market. This can be seen from export-market share of SMEs which is still low (15.91%). One of the constraints of SMEs in accessing global market is most of the marketing staffs of SMEs have not mastered the basic-communication skills in a foreign language (English). Therefore, they find difficulties in communication to other people from other countries and this will cause some opportunities to open new market cannot be gained.

This paper is a preliminary study for field research that will be conducted in early September 2012. This study will produce a simple guide on basic-communication skills for the purposes of marketing activities of SMEs particularly in improving access to global markets. By mastering the basic-communication skills in opening new channels to overseas market, it is expected that the export performance of SMEs will be increased and their role for national economy will be more significant.

Keywords: Basic-communication skills in foreign language, SMEs, global market access

A. Introduction
The role of small and medium scale enterprises (SMEs) in Indonesia's economy is always greater than the role of large-scale businesses. Until 2010, the contributions of SMEs in Indonesia's national income amounted to 57.12%, while large-scale business contributed only 42.88%. Similarly, in terms of employment, SMEs are able to absorb much more labor than large-scale businesses. Until 2010, the labor force that is able to be absorbed by the SMEs is almost by 99.5 million or 97.22% of total employment. However, the role or contribution is still derived from domestic economic activity in Indonesia.

Until now, the value of commodity exports from small-scale enterprises is still very low from the total value of Indonesia's exports. Figure 1 shows that, by 2010, the contribution of exports from micro, small and medium enterprises is still very small 15.91% (16%) of the total national exports. The low value of exports or foreign economic activity of SMEs is due to several factors, such as: the lack of product diversification, the unqualified commodities, export administrative constraints, the lack of mastery of a foreign language as communication media to enter the global market. Therefore, some efforts should be made to the resolution of these issues so that SMEs does not only contribute positively to the local economy, but also participate in the global market. This is due to the fact that the potential export products of SMEs is very large (Refinaldy, 2004).

This paper is intended to give solution to the one of the obstacles faced by SMEs in accessing export markets or global market, through increasing the mastery of the basic-communication skills in foreign languages, particularly in English, such as: offering products orally and in writing, receiving orders orally and by mail, and other basic language skills.

Fig. 1. National Export Market Share, 2010
Sources: Ministry of Cooperatives and SMEs in Indonesia, 2011
The importance of mastering English as an international language can not be avoided. It is a must. English as a means of verbal communication has penetrated in almost every aspect of human life in this world.

One of the articles focuses on language in the internationalization of the firm is Crick (1999). This article investigates the use of language within UK small and medium-sized firms with export. The result from a large survey points to the conclusion that most firms are aware of the importance of languages but this is not reflected in their daily work and not within the recruitment and training of personnel.

Furthermore Crick explains that the use of foreign languages being one of the most salient elements of the communication of internationally working firms. The immediate research context is set by two studies referred to by Crick reporting: 1) that approximately 33% of English companies experience language problems in their contact with foreign markets, 2) that UK companies in general are losing valuable trading opportunities because they lack language skills in certain languages.

According to Berger (1998), he works as a consultant in team building processes and in his article he identifies the cross cultural skills that are essential for the communication with others for whom English is not their first language.

Related with the role of foreign language ability in international marketing, Swift (1991) suggests that the importance of language is more than much recent language-oriented literature would have us believe. Looks at how and why language can become a barrier to communication, and then details the uses of a foreign language in marketing operations. Concludes by suggesting that language is the key to achieving market "closeness", and it is for this reason that it is important.

Furthermore, Elisabeth Lord Stuart, Operations Director of the U.S.-Algeria Business Council, states that the lack of language skills among U.S. businessmen is an enormous barrier to increasing greater U.S. participation in overseas markets. Without appropriate language abilities in house, companies miss formal proposals and informal leads for business they could deliver overseas.

Therefore, in this paper we highlight the importance of mastering the English language skills for marketing agents, especially in small and medium enterprise sector whose human resources still have lack knowledge in English, so they find barriers to market their products. This situation will cause difficulty to build relationships with customers, vendors, and partners from overseas.

Beside mastering basic-communication skills, knowledge of the culture of a country and region is just as important as knowledge of the language. This is an integral part of a skill set not only for global professionals, but for any successful professional operating in a multicultural market.

A. Research Method

The object of the research in this paper is small and medium enterprises (SMEs) located in Bekasi, West Java. The focus of the issue is the communication problems in foreign language for the purposes of access to overseas markets or export. Samples were taken by purposive to the SMEs under supervision of Cooperative Council and SMEs in Bekasi.

This paper is a preliminary study for the field research that will be carried out in September 2012. The study was a descriptive study constructively, to bring out a brief guide of how to communicate in foreign language, that is English, that can be used by SMEs for overseas marketing activities.

B. Result dan Discussion

In practice, there are many situations in which SMEs miss the opportunity to get buyers from other countries because they find difficulties to communicate with them in English. So, this will cause constraints to market the products to the global market.

The following situations describe the problem faced by SMEs:

First, when SMEs joined a trade exhibition, some of the visitors from abroad dropped in their outlets to see and observe the products they sell. The obstacle that may arise is the communication barrier between the sales agent of SMEs and the visitors. They cannot serve, offer and explain their products in English. This situation will result in losing potential opportunities to find a buyer from abroad. Therefore, some basic communication skills need to be trained to them, such as:

- Good morning/afternoon/evening...
- Welcome to our outlet ... please come in and have a look ..... 
- What can I do for you Sir/Madame? 
- We have / provide products such as ....
- Which products do you like ...
- Please have a look on this ..... 
- Excuse me, this is our brochures...
- We give special discount for you ..... 
- Can we have your business card Sir/Madame ....
- Can we have your email address Sir/Madame ...
- See you ... and thank you for visiting our outlet Sir/Madame ....

Secondly, in the marketing activities, when SMEs got a call from potential buyers from other countries. The problems sometimes arise when staffs of SMEs could not answer or respond to the caller who is potential buyer. This situation will result in losing opportunities to sell the products. Besides, this will bring into the negative impact on the credibility of the business. Therefore some basic skills in English communication need to be trained to the staffs of SMEs, such as:

- Hello, this is SMEs..... good morning/afternoon/evening
- This is ..... who is on the line?
- What can I do for you Sir/Madame?
- Could you please repeat your phone number again?
- We will send you our offer as soon as possible
Thank you for calling...

Language barrier may occur when SMEs receive letters or emails from prospective buyers from other countries. They still find obstacles to understand the content of the lettersemails and also they find troubles to answer them in English. Similarly, this situation will happen when SMEs would like to send lettersemails to offer products to potential buyers abroad. In this case, SMEs can actually utilize Google translate application to translate lettersemails to be sent. In the global era, the mastery of technology is also a must.

Therefore, in fact, SMEs have to start and get used to using a foreign language in its marketing activity, particularly for export-oriented SMEs. According to Stern (1984) Language is a set of habits; teach the language not about the language. It needs repetitions and satisfactions.

Mastery of a language can not be learned in a short time. SMEs should continuously use both in everyday communication and in special occasions, such as in an exhibition or other business meetings forum.

By having fluent English communication, it is believed that the possibilities and opportunities to get new channels in the transaction will be obtained.

C. Conclusion and Suggestion

The significant contribution and role of small and medium scale enterprises in the Indonesian economy can be enhanced by encouraging and improving the performance of the marketing and export of the products of SMEs into global markets. One of the efforts to solve the problems in exporting the products can be solved by improving the language skills of the marketing staffs, particularly in basic communication skills. The fluent and understandable communication will help much in introducing and negotiating products with overseas enterprises. Thus, this must be one of the priority efforts should be pursued by small and medium-sized businesses.

In the future, this effort needs support from all parties, especially the government and universities to facilitate the SMEs to improve their communication skills in foreign languages, so that SMEs can access foreign markets easily. Facilities, especially in terms of mentoring and providing training, can create conditions that make it possible for SMEs to learn to communicate in foreign language continually so that this becomes a positive habit.

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INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY TOWARD EARNING MANAGEMENT IN MANUFACTURING COMPANY

Dwi Asih Haryanti
Erny Pratiwi
Ekonomi Fakultas, Gunadarma University, Jakarta, Indonesia

Abstract

Earning management according to Scott (2000) is “Given that managers can choose accounting policies from a set (for example,GAAP), it is natural to expect that they will choose policies so as to maximize their own utility and/or the market value of the firm. Corporate Social Responsibility (CSR) interpreted as a form of social and environmental responsibility of the company to participate in sustainable economic development to improve the quality of life and environment is beneficial, both for the company itself, the local community, and society at large. Corporate Social Responsibility (CSR) is a form of corporate social responsibility that involves responsibility partnerships between governments, civil society organizations, as well as a local komunitas perusahaan. Goal of this study was to determine the effect of corporate social responsibility (CSR) on earnings management in one manufacturing company in Indonesia in the period 2003-2011. The method of analysis is linear regression. The analysis showed that CSR significantly influence Earning Management.

Keywords: Earning manajemen, Corporate Social Responsibility, manufactur company

Background

Earnings management is closely linked to earnings or achievements of the company's business, so that the profit earned is often associated with performance management. Positive accounting theory according to Watts and Zimmerman (1986) in his book Positive Accounting Theory presents an accounting theory reveals that certain economic factors or characteristics of a particular business unit manager behavior can be attributed to the financial statements or the makers in choosing a method of accounting. Positive accounting theory provides guidance to decision makers in making estimates in accounting policies or explanation of the consequences of those decisions.

Earnings management behavior in Positive Accounting Theory (PAT) that can be used as a basic understanding of earnings management measures formulated by Watts and Zimmerman (1986) are: (a) The Bonus Plan Hypothesis, the company has plans bonuses, company managers will prefer accounting methods that can shift profits from the future into the present so that it can raise profits today. This is because managers prefer higher wages to the present. In the bonus contracts are two terms that bogy (the lowest income level to get the bonus) and a cap (the highest income level). If profits are under bogy, no bonuses were earned while the manager if income is above the cap, the manager will not get the added bonus. If the