II UZBEK-INDONESIAN JOINT INTERNATIONAL CONFERENCE

Economics And Management Towards Nation Character Development

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- Financial system and financial and credit institutes
Edited by: prof. Dr. E.S. Margianti, S.E. MM, Rector of Gunadarma University

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

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Economics and Management Towards Nation Character Development
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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 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 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 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 honourer 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 became 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 occasion, I’d like to take this opportunity to expressed my gratitude 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 ballance situation of inviting Rector of Branch of Russian Economic University after G.V.Plekhanov in Tashkent, Uzbekistan, Prof Dr Abdurakhmanov 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 occasion, 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

We would like to acknowledge these following names for contributing their paper(s) in "II Uzbek-Indonesian Joint International Conference Economics and Management Towards Nation Character Development":

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Zafar Shkarov
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Thank you for participating in our conference
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VOLUME - PRICE MOMENTUM ON STOCK MARKET: CASE STUDY AUTOMOTIVE COMPANIES

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Abstract

The objective of the study is to evaluate volume - price momentum on stock market strategy empirically. Five of automotive companies were analyzed towards volume-price using weekly price and volume data during 2004-2009. Results proof empirically among five automotive companies stock, none of them follows momentum strategy. It means all five stock automotive companies follow random walk pattern and thus it will be difficult for an investor to predict stock's characteristics.

Keywords: price momentum, stock, automotive companies, stock volume, momentum strategy

Background

The price-volume relationship in financial markets has received considerable attention over the past three decades. Practitioners and academics alike are continually testing various new trading strategies on the capital markets, many of which are based on past market data. In fact, there is an extensive body of literature examining technical trading strategies, which attempt to exploit recurring trends in stock market data through time. They alike have given considerable attention to the price-volume relationship (Assogbavi, Osagie, Frieder, & Shin, 2005; Assogbavi and Osagie, 2006; Assogbavi and Fragnissé, 2006; and Zhou 2008). While many studies attempted to establish the empirical and theoretical structure of this relationship, a consensus is yet to be reached. However, the validity of these strategies has been a point of great contention amongst academics from their inception due to proponents of the Efficient Market Hypothesis (EMH). According to the weak form of the EMH, it should be impossible to predict future market direction consistently based solely on historical information. Many empirical studies (such as DeBondt & Thaler, 1985; Jegadeesh & Titman, 1993; Assogbavi, Khoury, & Yourougu, 1995; Baytas & Cakici, 1999; Schiereck, DeBondt, & Weber, 1999; Mun, Vasconcellos, & Kish, 2000) have demonstrated the complete opposite. Indeed, these studies indicate that past trading price and volume can provide valuable information about a security and thus help achieve abnormal returns.

According to Karpoff (1987) there are many reasons why understanding of the relation between stock price and volume is important. Given the divergent conclusion of the nature of the relationship research, further insights should be obtained through investigations on alternative sets of financial markets. Because of their differences in term of structure and information flows, emerging markets constitute a good candidate for such an additional investigation into the price-volume relationship. After studying this relationship on a set of emerging market indexes, attention is now turned to individual securities of some of these market.

There are theoretical models that hypothesize a stock price-volume relationship based on information flows and operational structure of market institutions (Copeland, 1976, and Jennings et al., 1981). Given these hypotheses, an empirical study using alternative markets should provide new insights into this relation. By investigating a set of Latin American markets Saatioglu and Starks (1998) find that there is a positive relation between volume both the magnitude of price change and price change itself, and that there is no strong evidence on causality relation. Assogbavi and Osagie (2006) find strong evidence on stock price changes leading trading volume on selected emerging market. Pasaribu et al. (2009) by investigating return and stocks transaction in Indonesian Stock Exchange find small index changes will be followed by the volume of trade is relatively small and there was positive relationship between trading volume at time t and index at time t.

Karpoff (1987) shown early empirical research on the price-volume in financial markets primarily focuses on two of the empirical relation implied by these adegas: (i) the correlation between volume (V) and price change (ΔP) and (ii) the correlation between volume (V) and the absolute value of price change (|ΔP|). A couple of early studies use spectral analysis on weekly data, index data, and daily and transactions individual stock data (Assogbavi and Ossagie, 2006). Both study conclude that prices and volume are virtually unrelated and that price changes follow a random walk (Granger and Morgenstern, 1963; Godfrey et. Al, 1964). In contrast, using daily and hourly price changes for both market indices and individual stock Crouch (1970a and 1970b) finds a positive correlation between volume and the magnitude of return. Examining the relation between volume and return, a positive contemporaneous correlation has been found by Rogalsky (1978) using monthly stock and warrant data and by Epps (1975 and 1977) using transaction data. To explain such results, Epps proposes a theoretical framework consistent with his findings and supported by Smirlock and Starks (1985) and by Assogbavi et. Al (1995), in the Canadian market. More recent empirical work has investigate the lagged relation between price change and volume. Smirlock and Starks (1988), Hiemstra and Jones (1995), Baghat and Bathia (1995); they find a significant positive relation going in both direction returns and volume.

Research method

Based on its sources, data used on the study is secondary data. Data used are stock price and volume of automotive companies which are listed on Indonesia Stock Exchange (ISE). Only five companies were included and data format is weekly during 2004-2009. In this case 314 weeks data was used.

Price – Volume momentum was calculated using Volume-Price Momentum Oscillator (VPMO) (Money-Zine.com, 2009). As its name states, VPMO is both a price and volume momentum oscillator. Oscillator is a technical analysis tool that is banded between two extreme values and built with the results from a trend indicator for discovering short-term overbought or oversold conditions. As the value of the oscillator approaches the upper extreme value the asset is deemed to be overbought, and as it approaches the lower extreme it is deemed to be oversold. To compute VPMO we followed these steps:
1. Calculating today’s VPMO input value. \( V_{today} \) represents stock today’s volume, \( C_{today} \) is stock today’s closing price, and \( C_{today-1} \) shows yesterday’s closing price.

\[
V_{today} \times (C_{today} - C_{today-1})
\]

2. Then smoothing the values using a 3-day exponential moving average (EMA)

\[
VPMO = EMA(3)(V_{today}, V_{today-1}, V_{today-2})
\]

EMA is calculated by adding the moving average of a certain share of the current closing price to the previous value. With exponentially smoothed moving averages, the latest prices are of more value. P-percent exponential moving average will look like:

\[
EMA = (close (i) \times P) + (EMA (i-1) \times (1 - P))
\]

Where close(i) shows the price of the current period closure; EMA(i-1) represents Exponentially Moving Average of the previous period closure; and P represents the percentage of using the price value.

Result and discussion

Five big automotive companies listed in ISE are Astra International Tbk, Astra Otoparts Tbk, Goodyear Indonesia Tbk, Gajah Tunggal Tbk, and Indomobil Sukses International Tbk. Fig. 1-5 demonstrate VPMO of those five automotive companies. Searching closer to all figures it is clearly understand that there is no one among those five companies stock following momentum strategy. Astra international Tbk. tends to follow momentum strategy but at some time periods random walk pattern exist. This stock more likely follows momentum strategy by holding stock 3 weeks.

![Fig. 1. Volume-Price Momentum of Astra International Tbk. Company](image1)

Graphic of Astra Otoparts Tbk company’s stock is almost flat. It shows that there is no prospect to apply momentum strategy towards particular stock. Conversely with Indomobil Sukses International Tbk company’s stock in which at some points abnormal high returns are showing. But still momentum strategy is not good choice to be implemented since period holding is not constant. It will be difficult to decide holding period on this case.

Three remains companies graphics demonstrate almost similar pattern with Astra International Tbk company’s stock. However these three companies stocks more likely follow random walk pattern.

![Fig.2. Volume-Price Momentum of Astra Otoparts Tbk](image2)

This result doesn’t support few previous researches which are proved that strong evidence on stock price changes leading trading volume on selected emerging market (Assogbavi and Osagie, 2006). Evidence shows that on Indonesian capital market should be impossible to predict future market direction consistently based solely on historical information which has demonstrated the complete opposite to few previous researches (such as DeBondt & Thaler, 1985; Jegadeesh & Titman, 1993; Assogbavi, Khoury, & Yourougou, 1995; Baytas & Cakici, 1999; Schiereck, DeBondt, & Weber, 1999; Mun, Vasconcellos, & Kish, 2000). This study indicates that past trading price and volume are not enough providing valuable information about a security.

Numerous study based mostly on South America (US and Canada), Russian, Africa have attempted to describe and explain the relationship between price changes and trading volume (Sinner, 2002; Assogbavi et. Al, 2005; Assogbavi and Osagie, 2006; Assogbavi and Fragnissè, 2006; and Hackard, 2006). Osborne (1959) studied this relationship from a variety
of perspectives and the finding indicate that there is a positive correlation between absolute price changes and trading volumes, both in stock and future market. Recent studies indicated that strategies that take into account trading volume are consistently outperforming strategies that are only based on price (Conrad, Hameed and Niden 1994; Assogbavi and Fragnissé, 2006). Overall, these studies show that additional information on trading activity appears to be an important predictor of the return on an individual equity. The emergence of public exchanges for the trading of stocks option along with the seminal article by Black and Scholes (1973) has spawned considerable interest in this topic in recent years. Option pricing under alternative assumptions to the other types of securities has been extensively examined in the financial literature. However, special research effort has been devoted to analyzing the impact option trading has on the price volume relationship. Consistent with Ross (1976), options exist to increase trading opportunities, i.e., to cover all possible contingencies. From this point, the investor’s reaction to new information, conveyed by price changes, can be observed both in option and stocks markets. The importance of the price-volume relationship in the structure of financial market, the debate over empirical distribution of speculative prices (Rogalski 1978) and the event studies by Beaver (1968) point to a need to analyze whether the introduction of the option market has indeed modified the nature of the observed price-volume relationship.

![Volume-Price Momentum of Goodyear Indonesia Tbk](image1)

![Volume-Price Momentum of Gajah Tunggal Tbk](image2)

![Volume-Price Momentum of Indomobil Sukses Internasional Tbk](image3)

Momentum investment strategy (also known as “relative strength”) is one such method that tries to “ride the wave” of past market information. Largely it involves the purchase of stocks that have shown some kind of relative strength in the recent past and the sale of stocks that have performed poorly over short periods of 3 to 12 months. The premise is that the current trend will continue in the same direction. In other words, stock prices on the rise will continue to climb for a period of time and prices on the downfall will pursue their descent.

When incorporating past trading information in a trading strategy, effectively timing the trends is of critical importance to maximize the possible return. Concerning strictly price momentum (PM), a 9-month formation and holding
period has been demonstrated to be the most effective portfolio design in the Canadian market (Assogbavi et al., 2005). However, other variables such as trading volume are also available to help prognosticate future stock prices.

References

ENVIRONMENT TAX, AN EFFORT TO SAVE THE RIVER

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Abstract
Environment tax is assessed appropriate policy that address the growing pollution in caused by the disposal of industrial waste into the River in accordance with the principle of polluter pay. But many people in Indonesia who are opposed the application of tax, because it is considered a damming corporate parties and not educate because of environmental problems can be solved with a fine is considered. Environment levy new taxes as proposed in the Draft Acts as Government Bill that have been compiled since 2004 would constitute Tax/Levy County. Tariff quantity laid down 0.5 percent against the manufacturing company with a turnover that is above USD 300 million per year. Collecting is done by the Regency Government and the Municipality Government. Results of environment tax planned to be used for preserving the environment such as investment subsidies in WWTP or others suitable appropriate new technologies to its environment’s condition. Though environmental tax benefit has been socialized for quite a while in Indonesia, and the river conditions against the problems as sources of human drinking water has been very significant, but the Bill that to this day still remains in the shape of a proposal and a variety of efforts that are being made are still needing its proof directly in the field.

Keywords : Environment tax, polluter, preserving, appropriate

CHAPTER I. INTRODUCTION
1. Basic Concept of Taxation
Before people's lives evolve as it is now known to have been in the form of simple groups, regional unity and tribe. Since the existence of groups of people, then arising common interest to convene citizens is governed by the head of the Group. The head of the Group expects citizens give some effort, time and his property for a smooth running of the common good. This provision in natura can be considered as a first simple form of Tax. Thus the tax function simply is, to support the common interests of the citizens of the communities' activity. This society is getting old is getting bigger, so it takes large organizations, and furthermore there arose such a present of a country. Common interest is increasingly complex, so handling is no longer by the head of the group, but by several people. With increased number of common interest are taken care of, then there arise new sense called the State Household. Organization of the household of the State by a number of people this cost given by the residents who came to be known as Taxes.

With the passage of time, the application of the tax began to develop more modern. Implementation system more flexible by giving a sum of money as a burden borne by a person of a particular obligation. For instance, by observing the State of the environment damaged by human activities, the Government instituted a tax based on the environments. The Central Government will open the door for regional tax to enact environment for companies with fee of 0.5% of the value of production. The proposal was part of draft Act which become part of Tax Bill and Levy regional area in 2004 to be one of the priorities in the deliberations of the House of Representatives that could soon be set. The Bill says that environmental taxes proposed to become one of the new tax for areas in the amendment Act No. 34 of Year 2000 on Tax and Levy County.

Environment taxes are planned based on the value of production as measured from the cost of goods production. Environment tax rate of 0.5% and the results were given to the preservation of the environment such as the record of a subsidy for the installation of wastewater treatment investment company. The object to be taxed the environment are engaged in manufacturing, because it judged no one industry that is 100% environmentally friendly. However, the industry is having production value-based omzet above USD 300 million per year. The neighborhood is also planned tax withheld in advance, to restore environmental quality resulting from industrial production processes. As for the industry which have turnover under USD 300 million per year, though the cause of environmental damage will be exempted from taxes.

1.2. Objectives of Scientific Paper
To find out how big the implications of environment taxes on production activities, and how far the application of environment taxes has been done in Indonesia. The next, how to attempt to do so that taxes could prevent environmental damage grew worse.

CHAPTER II. Existing condition of rivers in Indonesia and other countries
Almost all the rivers in Indonesia is largely a raw material for human drinking water contaminated by industrial activities is large and small who throw into the river discharge uncontrollable. Environmental standard quality, local regulation and Governor decree seems only be a symbolic formality without any actualization in the field. World industry