About ICAME 2017

We are happy to announce that the Department of Management, Economics and Business Faculty, Hasanuddin University, Makassar, will be hosting an International Conference on Accounting, Management, and Economics, from 9th – 10th October 2017. The conference is marked to celebrate 69 years of Faculty Anniversary.

Faculty of Economics and Business Hasanuddin University is the oldest economic faculty in Indonesia, establish on 8th October 1948. The faculty has contributed many well trained, skilled and renowned professionals to the country.

The faculty is located in Makassar. It is a metropolitan city with pleasant weather, many tourist attractions, diverse shopping experiences and a variety of good food options. During October the temperature ranges from 23 – 31º Celsius (71 – 87º Fahrenheit) in Makassar. The city is recently rated as one of the cleanest city in Indonesia. We welcome professionals, postgraduate students, and others to participate in the conference and makes this event a grand success.

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Foreword from Conference Chair
ICAME 2017

Dear Authors, esteemed Readers, It is with deep satisfaction that I write this Foreword to the Proceedings of the 2nd International Conference on Accounting, Management, and Economics (ICAME-2017) held October 10, 2017 in Makassar, Indonesia.

ICAME continues a tradition of bringing together researchers, academics and professionals from all over the world, experts in Management, Accounting, Economics and social sciences. ICAME-2017 is a conference for research in the areas of Accounting, Management, and Economics. Although it is only in its second year, it has already witnessed significant growth. As evidence of that, ICAME-2017 received a record of 210 submissions, representing a 70% increase compared to ICAME-2016.

The conference particularly encouraged the interaction of research students and developing academics with the more established academic community in an informal setting to present and to discuss new and current work. Their contributions helped to make the Conference as outstanding as it has been. The papers contributed the most recent scientific knowledge known in the field of Management, Accounting, Economics and social sciences.

In addition to the contributed papers, five invited keynote presentations were given: by Dr. Susanna Chamberlain of Griffith University, Associate Professor Rai Shunsuke of Meijigakuin University Japan, Associate professor Evan Lau of Sarawak University Malaysia, Ir. H. Moh. Ramdhan Pomanto Mayor of Makassar City, and Dr. Syarkawi Rauft, SE., ME of KPUP Indonesia.

These Proceedings will furnish the scientists of the world with an excellent reference book. I trust also that this will be an impetus to stimulate further study and research in all these areas.

We thank all authors and participants for their contributions.

Amiruddin Amrullah, Ph.D
Foreword from the Dean of Faculty of Economics and Business, Hasanuddin University

We welcome you to The 2nd International Conference on Accounting, Management, and Economics (ICAME-2017) held October 9–10, 2017 in Makassar, Indonesia. As a premier conference in the field, ICAME-2017 provides a highly competitive forum for reporting the latest developments in the research and application of Accounting, Management, and Economics.

The purpose of this conference is to produce qualified and highly competitive lecturers, educators and researchers through these activities, as well as to increase knowledge, insight of knowledge that will provide added value in carrying out their duties and functions as well as increased quality and amount of research produced.

In addition, the public will get the results of quality and useful research for many people to be able to solve social problems and scientific discoveries that can be patented for use as an additional provision in live and creation of new jobs. The public can read scientific papers on the results of research on education, new technology and applied science.

Recognizing the increasing importance of research and scientific publications, Faculty of Economics and Business, University of Hasanuddin conducts an international conference in the fields of accounting, management, and economics. We are pleased to present the proceedings of the conference as its published record.

Finally, the conference would not be possible without the excellent papers contributed by authors. We thank all the authors for their contributions and their participation in ICAME-2017. We hope that this program will further stimulate research in Accounting, Management, and Economics and provide practitioners with better techniques and tools for deployment. We feel honored and privileged to serve the best recent developments in the field of Accounting, Management, and Economics to you through this exciting program.

Professor Gagaring Pagalung
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EXPLORING DISCLOSURE OF CORPORATE GOVERNANCE IN INDONESIA'S ISLAMIC BANKING: A MAQASHID SHARIA PERSPECTIVE

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Abstract: "Conventional" corporate governance and "Sharia" Islamic corporate governance may be different. The main research question is how Islamic Banking disclose their corporate governance? Author would like to find an answer according to maqashid Al-Shariah upon the realization of Islamic Ethical or Moral's rule. In operationalizing the disclosure, this study conduct empirical investigations by taking 3 Islamic Commercial Banking and 3 Islamic Business Unit Banking in 2013 as a sample. The annual report for the sampled bank are using content analysis to generate the formula on disclosing corporate governance with maqashid Al-Shariah approach. Evidence showed that there is a lack of achievement on disclosure of corporate governance among maqashid Al-Shariah approach. Nevertheless, the overall industry focus mainly on rights and stakeholding, prospect, and wealth rather than faith, self, intellect or ecology consequences. Additionally, the empirical results showed that there is no differences orientation between Islamic Commercial Banking and Islamic Business Unit Banking.

Keywords: Corporate Governance, Disclosure, Maqashid Sharja

THE RELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT CAPABILITIES AND PRODUCT INNOVATION AND ITS IMPACT ON MARKETING PERFORMANCE

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ABSTRACT: Competition in the market is unavoidable, especially in meeting the demands on cheaper cost and better quality. In the era of hypercompetition, companies are encouraged to always create uniqueness of products by making some innovations. Innovation has also attracted people to create more efficient and effective ways to reduce costs. Innovation is the source of competitive advantage for the company. Research has grown rapidly in demonstrating the benefit of interrelationships between knowledge management, innovation, and company performance. The ability to use knowledge assets effectively, said to be one of the key parameters of corporate success. Company performance will depend on the use of knowledge-based assets, innovative management, and innovation practices. This study examines the relationship between knowledge management capability and company's knowledge of infrastructure capability and knowledge process capability in product innovation and its impact on marketing performance. The sample of research is small and medium businesses in East Java Indonesia as many as 200 companies. This study used structural equation modeling approach based on partial least squares (SEM-PLS). The results showed that there was a significant positive effect between knowledge infrastructure capability to knowledge process capability and product innovation. There is also a significant positive influence between knowledge process capability to product innovation. One result also confirms that there is a very strong influence between product innovation on marketing performance.

Keywords: knowledge management capabilities, knowledge process capability, product innovation, knowledge process capability, marketing performance

Field of research : Marketing

QUALITY CONTROL PRODUCTION PROCESS OF WHEAT FLOUR AT PT. EASTERN PEARL FLOUR MILLS MAKASSAR

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ABSTRACT: This study aims to test the consistency of wheat flour production process, level of Defect Per Million Opportunities or DPMO and Sigma level from wheat flour production process especially Canang product at PT. Eastern Pearl Flour Mills Makassar. The data used in this study consisted of primary data and secondary data both qualitatively and quantitatively related to wheat flour production process. Primary data were obtained through direct observation and interviews with various interested parties. Secondary data were obtained from the documents or reports related to production process through 92 sample testing of the products during January – May 2017. The results of this study indicates that wheat flour production process for Canang have not been fully consistent because of one of the four Critical to Quality (CTQ) in this case ash, there are two of 92 sample points out of control chart. So also the results of DPMO and Sigma have not fully perfect, as seen in the...
IC002144:
Quality Control Production Process of Wheat Flour at PT. Eastern Pearl Flour Mills Makassar, Indonesia

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Abstract
This study aim was to test the consistency of wheat flour production process, level of Defect Per Million Opportunity or DPMO and Sigma level from wheat flour production process especially Gunung product at PT. Eastern Pearl Flour Mills Makassar. The data used in this study consisted of primary data and secondary data both qualitatively and quantitatively related to wheat flour production process. Primary data were obtained through direct observation and interviews with various interested parties. Secondary data were obtained from the documents or reports related to production process through 92 sample testing of the products during January – May 2017. The results of this study indicates that wheat flour production process for Gunung have not been fully consistent because of one of the four Critical to Quality (CTQ) in this case ash, there are two of 92 sample points out of control chart. So also the results of DPMO and Sigma have not fully perfect, as seen in the following research figures; moisture content totaling 0 DPMO with the rate of 6 Sigma, protein content totaling 1.53 DPMO with the rate of 6 Sigma, ash content totaling 32 DPMO with the rate of 5.50 Sigma and wet gluten content totaling 0.05 DPMO with the rate of 6 Sigma.

Keywords : Quality Control, Wheat Flour, DPMO, Sigma Level, CTQ, Field Research : Quality Management

I. Introduction

Food and beverage industry is a key contributor on the Gross Domestic Product (GDP) of non-oil and gas processing industry, as shown from the cumulative GDP growth rate of the food and drinks industry from the year 2014 to 2016 that keep increasing and occupied the first position compared to other non-oil and gas industries.

The data from Statistic Indonesia show that the food and beverage industry has the largest cumulative GDP growth rate in the last three years, i.e. 09.49% in 2014, 07.54% in 2015 and 08.46% in 2016. It shows that the food industry has a fairly large role in the creation of added value.
Meanwhile, in terms of consumption, the levels of wheat and flour consumption of the Indonesian are quite high. Wheat flour consumption nationwide is on the rise. Data from Indonesia Flour Manufacturers Association (APTINDO) shows the Indonesian flour consumption continued to increase, except in the year 2015 due to a decrease of 2.2%, but the consumption of wheat in 2016 increased again to 5,796,000 metric tons.

The quality of a product is highly depend on the production process. The more defective the product means the lower quality of the production process and the less defective the product means the higher the quality of the process. A company needs to watch carefully the production process that takes place in order to reduce the defective product.

To maintain the quality of the production process, many companies apply quality management systems such as ISO (International Organisation For Standardization) 22000/HACCP (Hazard Analytical Critical Control Point) and ISO 9001. Both types of quality control is necessary to penetrate the market of developed countries in Asia, Europe or the Americas, especially for agro-industries food products. The United States even already requires that such products using the HACCP quality control management since December 18, 1997 (Wirawan, 2001).

PT. Eastern Pearl Makassar Flour Mills is one of the largest flour industry in Indonesia. Eastern Pearl Flour Mills company not only exists in Indonesia, but also present in Turkey, Malaysia, and Vietnam. The total installed capacity for milled wheat is 3,000 tons/day.

Generally, all the products of PT. Eastern Pearl Flour Mills Makassar have four Critical To Quality (CTQ), that is protein, wet gluten, moisture and ash. For Gunung brand, the protein specification is 13.0% min, wet gluten is 32.0%, moisture is 14.2% max and ash is 0.60% max.

As one of the leading flour producer in Indonesia, PT. Eastern Pearl Flour Mills consistently produce good quality products to meet the needs of the community. The first target of this company which reads Consistent Quality Product indicates that PT Eastern Pearl Flour Mills really take the product quality as their primary focus. In addition, various certificates have been obtained by PT. Eastern Pearl Flour Mills, such as Good Manufacturing Process (GMP), i.e. guidelines or procedures that describe how to produce secure, good quality and decent food for consumption. This certificate ensures that all products have the quality and the level of security at its best.

The next certificate is HACCP (Hazard Analytical Critical Control Point). HACCP is basically a tool helping to identify and control food safety hazards that may occur in the food business.

Halal Certification ensures that the production process and the resulting products are Kosher level and in accordance with Islamic principles. Indonesia National Standard (SNI) guarantees that all products in Indonesia comply with the requirements or rules provided by the Indonesian government. SNI also serves as a sign that the product has advantages (added value).
ISO 22000:2015 is a management system standard of global food safety for the entire food supply chain, from supplier to consumer, and an ISO 9001:2008 ensures that the Organization will provide products that meets the requirements set out.

PT. Eastern Pearl Flour Mills also applies the International Ship and Port Facility Security (ISPS) Code, the rule regarding measures to enhance security against ships and port facilities, in the company’s production process.

All of the quality systems aim to maintain and improve the consistency of product quality according to their respective requirements in order to achieve the level of trusted, reputable company either nationally or globally; particularly in the field of the product hygiene, either as principal consumption or additional consumption.

The question is whether the number of certificates of quality owned by a company can guarantee the quality of products and whether they meet the requirements issued by the certificate organizations.

In fact, there are discrepancies between the quality control applied and the results produced. Research conducted by Billy Regino Mardhy in 2014 on plywood factory found the level of production defective at 29,500 DPMO on 3.39 of Sigma levels. Likewise research by Syaifullah Waspada in 2015 of Bosowa cement production found 4624 DPMO on 4.10 of Sigma levels.

II. Conceptual Framework and Hypotheses

Based on previous theories, concepts and researches this study will test the consistency of wheat flour product quality and the level of DPMO (Defects Per Million Opportunities) and sigma levels or the capability of PT. Eastern Pearl Flour Mills Makassar to produce quality products. Thus the conceptual framework of the study will be shown as follows:

![Conceptual Framework](image-url)

Figure 1.1 Conceptual Framework

Further theoretical studies, based on the results of earlier research and conceptual framework of the research the research hypothesis can be formulated as follows:

H1 : The production process of making wheat flour of the Gunung brand at PT. Eastern Pearl Flour Mills Makassar is consistent with the critical to quality requirement.

H2 : DPMO Level of the results of the process of making the Gunung brand wheat flour is in the range of 3.4 – 100 DPMO with sigma levels range 5.22 – 6.0.
III. Research Methods

This research uses a quantitative approach with the use of statistical averages, standard deviation and range of data samples collected. Comparisons between critical to quality requirements and the results of statistic calculation are used to test the first hypothesis, followed by the use of control chart. In order to test the second hypotheses, a formula to determine the DPMO and Sigma level are used. The following formula is used to find the value of the DPMO:

\[
1000000 \text{normsdist}((\text{USL}-\text{XBAR})/S) \times 1000000 + \text{normsdist}((\text{LSL}-\text{XBAR})/S) \times 1000000
\]

Source: Gaspersz (2012:675):

The following formula is used to find the value of Sigma

\[
\text{normsinv} \left[ \left( \frac{1000000 - \text{DPMO}}{1000000} \right) + 1.5 \right]
\]

Source: Gaspersz (2012:675):

All of the figures above obtained from secondary data of laboratory testing of samples of the production flour result of 92 points of the samples.

IV. Results of the Research and Discussion

a. Result

Based on the results of the research of 92 samples taken, comparisons between requirements and results achieved as follows:

Table 4.1 comparison between terms and results achieved

<table>
<thead>
<tr>
<th>NO</th>
<th>CTQ Baseline</th>
<th>Average results</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Moisture (max) 14,2 %</td>
<td>12,43%</td>
<td>Qualify</td>
</tr>
<tr>
<td>2</td>
<td>Protein (min) 13,00%</td>
<td>13,56%</td>
<td>Qualify</td>
</tr>
<tr>
<td>3</td>
<td>Ash (max) 0,60%</td>
<td>0,56%</td>
<td>Qualify</td>
</tr>
<tr>
<td>4</td>
<td>Wet Gluten (min) 32%</td>
<td>34,2%</td>
<td>Qualify</td>
</tr>
</tbody>
</table>

b. The Control Map of the Research

The control map obtained the following results:

1) The Control Map of moisture levels of the Gunung brand flour
Figure 4.1. The Control Map of Moisture Levels of Gunung Brand Flour

(Source : Data analysis, 2017)

The image of the control map above shows that the value of the entire samples of flour are under control because no values are beyond 14.2 of the USL.

2) The Control Map of Protein level of Gunung brand flour

Figure 4.2. The Control Map of Protein of Gunung Brand Flour

(Source : Data analysis, 2017)
The image of the control map above shows that there are two values deviation or below the LSL (lower specification limit) whose value is less than 13\% of the wheat flour sample.

Here are the two values deviation from the LSL:
1. Sample number 91 = 12.9
2. Sample number 92 = 12.8

3) The control map of Ash levels of Gunung Brand flour

Figure 4.3. The Control Map of Ash Levels of Gunung Brand Flour

(Source: Data analysis, 2017)

The image of the control map above shows that the entire value the samples are under control because no values are beyond 0.60 value of the USL.

4) The Control Map of Wet Gluten levels of Gunung Brand Flour
The image of the control map above shows that the entire value of samples of flour are under control because no values are beyond the value of 32 LSL.

c. Defect Per Million Opportunities (DPMO)

Defects Per Million Opportunities (DPMO) value for each wheat flour on both brands of Dua Pedang and Gunung is calculated by using the Microsoft Excel application. The formula for finding the DPMO value according to Gaspersz (2012:675):

\[
1000000 - \text{normsdist}\left(\frac{\text{USL} - \bar{X}}{S}\right) \times 1000000 + \text{normsdist}\left(\frac{\text{LSL} - \bar{X}}{S}\right) \times 1000000
\]

The results of the calculation of the DPMO value of Gunung brand can be seen in table 4.2 below:
Table 4.2 The results of calculation of DPMO value of Gunung Brand Products

<table>
<thead>
<tr>
<th>NO.</th>
<th>CTQ</th>
<th>Six Sigma</th>
<th>World Class</th>
<th>DPMO Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Moisture</td>
<td>3.4</td>
<td>3.4 - 100</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Protein</td>
<td>3.4</td>
<td>3.4 - 100</td>
<td>1.53</td>
</tr>
<tr>
<td>3</td>
<td>Ash</td>
<td>3.4</td>
<td>3.4 - 100</td>
<td>32</td>
</tr>
<tr>
<td>4</td>
<td>Wet Gluten</td>
<td>3.4</td>
<td>3.4 - 100</td>
<td>0.05</td>
</tr>
</tbody>
</table>

(Source: Data analysis, 2017)

The results of the calculation of DPMO value of moisture levels for this product is 0, meaning no DPMO defects during the production process. For protein, the DPMO value is 1.53 which means that in 1,000,000 units produced there are 1.53 units that do not match the specification. Next is the level of ash with 32 DPMO value which means that in 1,000,000 units produced there are 32 units that do not meet the specifications. The wet gluten levels have 0.05 DPMO value which means that in 1,000,000 units produced there is 0.05 unit incompatible with the specifications.

It is worth mentioning that the concept of Six Sigma level in quality control allowed only 3.4 DPMO. Therefore, in 1,000,000 units produced there is only 3.4 units that do not comply with the specification. Furthermore, any value below 3.4 DPMO is included in the category of non-defective (flawless).

d. Sigma Level

Sigma level for each component of wheat flour on brand of Gunung are calculated by using the Microsoft Excel application. The Formula for finding the sigma level according to Gaspersz (2012:675):

\[
\text{normsinv} \left( \left( \frac{1000000 - \text{DPMO}}{1000000} \right) + 1.5 \right)
\]

1. Gunung Products

The number of samples taken for this product are 92 samples from the period of June 2016 to March 2017 (data attached).

The results of the calculation of the sigma level of Gunung brand products can be seen in table 4.4 below:
Table 4.4 The results of the calculation of Sigma level of Gunung brand Products

<table>
<thead>
<tr>
<th>NO.</th>
<th>CTQ</th>
<th>World Class</th>
<th>Sigma level</th>
<th>Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Moisture</td>
<td>5.22 - 6</td>
<td>6</td>
<td>√</td>
</tr>
<tr>
<td>2</td>
<td>Protein</td>
<td>5.22 - 6</td>
<td>6</td>
<td>√</td>
</tr>
<tr>
<td>3</td>
<td>Ash</td>
<td>5.22 - 6</td>
<td>5.50</td>
<td>√</td>
</tr>
<tr>
<td>4</td>
<td>Wet Gluten</td>
<td>5.22 - 6</td>
<td>6</td>
<td>√</td>
</tr>
</tbody>
</table>

(Source : Data analysis, 2017)

V. Discussion

a. Terms of Critical to Quality. Table 4.1 explained that the test results 92 samples of moisture, protein, ash and wet gluten in whole process of making flour from this company are consistent with the terms of Critical to Quality products, and hence the first hypothesis is accepted.

b. In terms of controlling the process of making flour there are two samples from 92 samples expelled from the control map, i.e. samples number 90 and 91 which are the spread of individual samples.

c. The defective level (DPMO). The calculation of defective level or DPMO of table 4.2 shows that out of 92 samples there was one critical to quality sample obtains below 3.4 DPMO value, i.e. 32 DPMO value of Ash, though it can still meet the criteria of world quality products i.e. 3, 4 – 100 DPMO.

d. The sigma level. Based on the calculation on Sigma levels of the sample, even though the critical to quality value of one sample is under 6 sigma i.e. 5.5 Sigma level of Ash, but it still maintain world class product category of 5.22 – 6 sigma, and hence the second hypothesis is accepted.

VI. Conclusions and Suggestions

The results of the research 92 samples of this product concluded that:
1. The production process the flour company is in accordance with the critical to quality required or specified in producing quality products.

2. The DPMO and Sigma levels:
   a. The DPMO value achieved is 3 critical to quality, therefore still below 3.4 DPMO value, though one of whom is still above the 3.4 DPMO, i.e. Ash with 32 DPMO.
   b. The level of sigma achieved is 5.5 – 6 sigma, thus eligible for quality companies that produce world class quality products.
Suggestions:
Although in general it can be said that this company meets the requirements as a producer of world class quality wheat flour, it is still worth noting that all aspects (critical to quality) should achieve 3.4 DPMO value, including critical to quality of Ash.

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