

## THE ROLE OF GALLERY OF STOCK AND COMMODITY EXCHANGE IN BRIDGING THE GAP BETWEEN THE INDUSTRY AND ACADEMIES



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### ABSTRACT

*Capital market has a significant value in economic development. Investment activities in the stock market in Indonesia are still in preliminary stage and have not reached the intended objectives. One of the problems is the lack of information and lack of knowledge in the society. This was caused by the limitation of knowledge dissemination from the stock market itself. The academies seem not ready to face the fast changing industry. It is proved by the curriculum that focuses mainly to the conservative economic knowledge such as banking or insurance. This caused a gap in competence between industry expectation and academic perception. One of the many programs that could bridge the gap is to bring the industry into campus, such as having a gallery of stock and commodity exchange, which facilitates the students to have knowledge and practical skills. To do continuous quality advancement, it is important to evaluate whether our programs in the stock and commodity exchange corner at Widyatama University (active in 2004) could raise the knowledge and practical skills of our students. So we surveyed and compared two groups of students, to find out how far the differences of knowledge between students who are actively involved in it and who are not. And describe whether the programs in the stock and commodity corner could sufficiently give value added to the students.*

*Keyword: stock and commodity exchange corner*

### INTRODUCTION

Emerging multidimensional phenomenon today is globalization. In this globalization era new rules have been created and the key factor to succeed would be different from the past era because there would be a real tight competition in every aspect of life. There would be rapid development in both individual and formal organization. One who could not keep in line with it would be far left behind. To be able to compete, the organization and the individual should develop themselves accordingly. In this condition it is clear that professionals and alumnus need some new capabilities, which were created by the global environment, they should have competitive advantages such as the capability in competing efficiently and effectively in global scale, as well as being flexible and responsive in the national scale.

Based on the study conducted by International Federation of the Stock Exchanges in 1998, toward the third millennium, the orientation of world capital market developments is to create a liquid and efficient capital market. Therefore, the capital markets worldwide tend to improve issues related to disclosure, market infrastructure, clearing and settlement of transaction, type of traded instruments, services, and technology.

In 1998, Indonesia suffered from exceptional deep recession. However, during 1999 the crisis has moderated and economic indicators begin to suggest signs of recovery. The development of the Indonesian economy for the coming years will be characterized by the on going effort to achieve full economic recovery and the anticipation of the era of a free trade area.

In capital market sectors, the worsening of economic conditions in 1998 has had an impact on the degradations in the performance of the Indonesian capital market. This degradation in performance brings about losses to investors and who consequently take their funds out of the Indonesian capital market.

The monetary crisis has also caused a delay in the development of capital market infrastructure. The development of the Indonesian capital market infrastructure to meet international standards requires substantial investments.

Globalization and free trade era has forced the industry to have up to date information in every aspects. The development of information technology accelerates development in capital market industry.

Furthermore, to ensure orderly and safe capital market activities, adequate internal control system, accounting system and information system should be applied.

In addition, the back office system of the participants of capital market industries is expected to develop such that it can support all transactions.

To improve the quality of capital market industry services, the capital market is expected to perform its activities efficiently, safely and orderly. One factor that can increase efficiency of capital market activities is qualified human resources. Therefore, that factor should be an important concern for the operation of capital market.

There are two factors in the vision of the Indonesian capital market: first, to develop strong Indonesian capital markets as the activator of the national economy. Second, the Indonesian capital market should be competitive in the global environment. The achievement of this vision depends on many factors. One of them is the role of capital market institutions in achieving the Indonesian capital market missions, which will be focused mainly on the recovery and the development of market participants. The development of the Indonesian capital market is directed toward the improvement of aspects that will increase the capital market value in global competition, including secondary market efficiency, disclosure, human resources, regulation and law enforcement.

To realize the visions of the Indonesian capital market as mentioned there are several targets should be met, one of them is the implementation of integrated education in capital market knowledge. Integrated education should be available so that human resources will have the necessary expertise and conducts to act professionally and with high integrity. Market participants should organize education professionally.

Lack of qualified human resources is a serious threat to the Indonesian capital market industry, because it is the central of every activity in the business. Today human resources is not merely a component of company cost, instead it has an important role in strategic development of industry. There should be serious concerns in accelerating the improvement of human resources; therefore it would not be too far behind the modern technology that has to be implemented in the capital market industry. The quality as well as quantity of education programs to increase the capability and knowledge of human resources should be considered as a profitable investment to the development effort of the Indonesian capital market.

Human resources education will require substantial cost, therefore, it has to be carefully planned and carried out by all the capital market participants. The integrated planning can be done through cooperation among the capital market participants and universities in Indonesia, both through informal and formal education. The program is also expected to drive the capital market education and socialization for the public. Furthermore, this program is expected to provide various packages regarding comprehensive teaching and training programs, including remote training program that enable participation of potential human resources from many regions. Therefore, human resources availability in capital market sector will be spread out all over Indonesian and will bring a result in wider reach toward potential issuers and investors that are also spread out in many regions in Indonesia.

## PROBLEMS

Often we – who happen to be the lecturer in the university - hear complaint from business industry in general concerning the quality of competence of their employees who are not ready to work, both from the point of knowledge and skill. This shows us that higher education institutions have not provided human resources who can meet specific requirements of business industry.

Apart of that, we consider the important of socialization of capital market industry knowledge to the public, especially to students in high education institutions. So we observe the role of stock exchange and commodity corner (SCEC) in Widyatama University in bridging the gap between the industry and the higher education institutions. And we also observe whether the SCEC could provide the members with capital market educations, so we measure the level of knowledge between member and non-member of SCEC concerning capital market knowledge.

## HYPOTHESIS

The hypothesis is: there is a difference in level of knowledge between member of SCEC and non-member of SCEC. Concerning capital market industry

## METHODOLOGY

- This observation measures the difference of capital market knowledge between students who are the members of SCEC and who are not. We chose randomly from those two groups and we measure them with questionnaire instrument, which consists of 20 questions. Every right answer of the questions are scored between 1 and 5 to measure their rate of assurance of their answers, with the scale as this:

5 = very assured; 4 = assured; 3 = doubted; 2 = less assured; 1 = not assured.

- The maximum score a respondent could have is 100.
- That maximum score of 100 is then divided into 5 ranks, to measure their understandings concerning capital market industry knowledge, with ranks as this:

0 – 20	Do not have any knowledge
21 – 40	Do not have enough knowledge
41 – 60	Have enough knowledge
61 – 80	Have knowledge
81 - 100	Have very much knowledge

- Sample 1 (group 1) = members of the SCEC (X1) = 30 persons
- Sample 2 (group 2) = non-members of the SCEC (X2) = 30 persons (students not less than the 5<sup>th</sup> semester)

### HYPOTHESIS TEST

The hypothesis is there is a difference in knowledge between member and non-member of SCEC concerning capital market industry. We use t-test method for two independent samples (groups). The purpose of the test is to compare/to differentiate the two groups, to find out whether there is a difference of level of knowledge or not.

1. The hypothesis is:

- Ho : There is not any difference of knowledge between member and non-member of SCEC concerning capital market industry  
 Ha : There is a difference of knowledge between member and non-member of SCEC concerning capital market industry

2. Statistic model hypothesis

- Ho :  $\mu_1 \neq \mu_2$   
 Ha :  $\mu_1 = \mu_2$

3. Calculating average score, deviation standards, Varian using the formulas:

1) Calculating average score ( $\bar{x}$ ), deviation standards (s)

$$\text{Formula} = s = \sqrt{\frac{\sum_i^n (x_i - \bar{x})^2}{n - 1}} \quad \text{and} \quad \bar{x} = \frac{\sum x_i}{n}$$

Result:

- $s_1 = 9.69$  (Standard deviation of Member of SCEC)  
 $s_2 = 11.51$  (Standard deviation of Non-Member of SCEC)  
 $\bar{x}_1 = 69$  (Average score of member of SCEC sample)  
 $\bar{x}_2 = 50$  (Average score of non-member of SCEC sample)

2) Finding  $t_{hitung}$  with formula :

$$t_{hitung} = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}, \text{ so } t_{hitung} = 6.92$$

3) Determine  $t_{tabel}$  with :

Significant degrees  $\alpha = 0.05$ , degrees of freedom (DF) =  $n - 1 = 30 - 1 = 29$ .  
 So the score of  $t_{tabel} = 2.045$

4) Determine criterion of test :

If  $- t_{tabel} \leq t_{hitung} \leq + t_{tabel}$  so Ho is accepted and Ha is rejected.

5) Comparing between  $t_{hitung}$  with  $t_{tabel}$

It appears:  $-2.045 < 6.92 > 2.045$ , so the Ho is rejected and the Ha is accepted.

6) Conclusion:

- Ho : There is not any difference of knowledge between member and non-member of SCEC concerning capital market industry has **Rejected**  
 Ha : There is a difference of knowledge between member and non-member of SCEC concerning capital market industry has **Accepted**

So, the level of knowledge of the SCEC member concerning capital market industry is higher than those who are not the member of SCEC. And it can be applied to the population.

**QUANTITATIVE FINDINGS**

Table 1 here shows the score from the answers of the questionnaire from the members of the SCEC, whereas Table 2 shows the result from the non-member of SCEC.

**Table 1. Answer Score of Members of SCEC Respondent**

<i>No. respondent</i>	<i>Score</i>	<i>No. respondent</i>	<i>Score</i>
1	80	16	53
2	76	17	55
3	77	18	54
4	65	19	80
5	79	20	83
6	69	21	75
7	65	22	69
8	63	23	76
9	65	24	74
10	60	25	85
11	57	26	74
12	57	27	63
13	79	28	81
14	59	29	59
15	56	30	68

**Table 2. Answer Score of Non-Members of SCEC Respondent**

<i>No. Respondent</i>	<i>Score</i>	<i>No. Respondent</i>	<i>Score</i>
1	56	16	48
2	60	17	54
3	60	18	55
4	49	19	56
5	50	20	43
6	50	21	42
7	16	22	65
8	49	23	56
9	42	24	49
10	59	25	68
11	69	26	41
12	51	27	62
13	55	28	48
14	48	29	35
15	40	30	26

The lowest score from group 1 is 53 whereas the lowest score from the second group is 16. The highest score from the first group is 83; meanwhile the highest score from the second group is only 68. Those numbers show that the range of the first group is wider than the second group, it means the knowledge of students who is not the member of SCEC is more various, but the understanding is less than those who are the members of SCEC.

Table 3 shows the measurement of capital market knowledge in percentage for both groups.

Table 3. Measurement Scale of the Questionnaire Result

Scale	Meaning	Member		Non Member	
		Total	Percentage	Total	Percentage
0-20	Do not have any knowledge	-	0%	1	3%
21-40	Do not have enough knowledge	-	0%	3	10%
41-60	Have enough knowledge	9	30%	22	73%
61-80	Have knowledge	18	60%	4	13%
81-100	Have very much knowledge	3	10%	-	0%
	<i>Total</i>	30	100%	30	100%

From the table we find out that:

- Most of the student members of SCEC (X1) have knowledge in capital market industry, with the percentage of 60% and the average score is 69. No members of SCEC that do not have or have a little knowledge about capital market industry. Whereas the respondents who have high degree of knowledge in capital market industry is 10%.
- Most of the students who are not the member of SCEC (X2) are having enough knowledge in capital market industry, with the percentage of 73% and the average score is 50, but there are students who do not have the knowledge (3%), 10% of them only have a little knowledge in capital market industry, and none of them has high degree of knowledge in capital market industry.

## DESCRIPTION OF THE SCEC

### INTRODUCTION

The stock and commodity exchange corner (SCEC) was established at Widyatama University in the year 1995-1996, but there were not many activities then because we did not have enough facilities from the institution (formerly STIEB) to support the human resources who run it and problems with long and inefficient bureaucracy. In the middle of 2004, the SCEC began its activities after passive for one year. Now it has 100 members of students from our faculties. The vision of Widyatama SCEC is to be the center of information, activities, and development in capital market industry, both stock exchange and futures, and be proactive to the economic and business development in the global environment with the utilization of technology.

The SCEC is also hoped to become an organization, which could supply the needs of industry, especially the capital market industry, of capable employees. The SCEC provides knowledge, skill, and the ability in working organization to the students, so that they will have enough capabilities to enter the real working world.

### PROGRAMS OF SCEC

1. *Cooperation with security and futures exchange company*, where they can open their investment gallery in the SCEC. Through this cooperation the members of SCEC get training and education facility, and also there are chances to work in those companies.
2. *Seminars, simulation, and capital market and futures exchange study tour*. The aim of this program is to educate Widyatama University students in general and also the public. Through this program, the student members of SCEC are trained to have organizational capabilities and other skills including administration, communication, etc.
3. *Study groups*. Every members of the SCEC is included in one study group, where they are trained to read a lot, search information from newspapers, Internet, journals, and other medias, concerning capital market knowledge, economics, business, politics, and other information. It is hoped that the students will have a wide social insights and able to bring out their ideas in writings.
4. *Investment gallery of security and futures Exchange Company*. Through this gallery the member of SCEC could do simulation of investment in securities and futures. Furthermore, they could really invest in the investment gallery. Besides, the gallery of SCEC also provides many kind of information concerning capital market and some of public company financial statements.

### CONCLUSIONS

1. There is a difference of level of knowledge between member and non-member of SCEC concerning capital market industry.
2. The average knowledge of the SCEC member is still below the expected. This might be caused that the members had not have enough trainings and education yet, since SCEC activities is only began in the middle of last year.

3. The programs of SCEC enhancing the members' knowledge of capital market industry, that it is expected to bridge industry needs and the higher education institutions.

#### **SUGGESTIONS**

1. The members of SCEC still need a lot of trainings and educations concerning capital market industry to be able to meet the industry requirements.
2. Programs of SCEC must be realized effectively, according to each aim.
3. There must be commitment of the University to facilitate and support the activities of SCEC.

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