

PROCEEDING



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- Basic Science
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- Economics, Finance & Accounting
- Business Management
- Electrical Engineering
- Life Sciences
- Mechanical Engineering
- Medicine Sciences



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Does Accounting Theory Contribute Towards Setting Up The Accounting Standard?

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Keywords: Accounting Theory, Accounting Standard, Accounting Theory Role and Setting Accounting Standard, Literature

The purpose of this paper is to examine whether accounting theory has an impact in the setting of accounting standards. An analysis of various accounting principle and practices will be examined in dealing with accounting standard and the literature review of issues on the accounting theories. This critically examines the uses of accounting standards in views of users of financial statements in accordance of specific accounting theories. It will review the transition from accounting theory to standards setting. Accounting standards is the jurisdiction of the existing accounting practices and principles that used as a reference to determine the proper handling of complex transactions (Farley 2015). In other point of view, accounting standard defined as a standard-setting process for the production of high quality financial reporting (Rankin et al. 2012, 65). Its purpose is to provide guidance to the preparation of financial statements, so that the information contained in these reports to help users make their resource allocation decisions beneficial (Rankin et al. 2012, 65). Henceforth, does accounting theory contribute towards Setting Up the Accounting Standard?



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Indonesian Legal Analysis of Facilities for Land Rights in Investments According to Law Number 25 year 2007 Regarding Investment

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Keywords: Investment, land rights, Facilities

Indonesia has a very rapid economic growth. This is a magnet for investors to invest in Indonesia. Both domestic and foreign investment. This investment can be run if given several kinds of facilities so that investment can be done. One of the important things used in investment is land rights facility. The granting of this land rights facility is mentioned in Law No. 25 Year 2007 regarding Investment. Article 22 of Law No. 25 Year 2007 regarding Investment gives 3 kinds of facilities of land right namely Right to Use Business, Building Use Right, and Right to Use.

Indonesian Legal Analysis Of Facilities For Land Rights In Investments According To Law No.
25 Year 2007 regarding Investment

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Abstract

Indonesia has a very rapid economic growth. This is a magnet for investors to invest in Indonesia. Both domestic and foreign investment. This investment can be run if given several kinds of facilities so that investment can be done. One of the important things used in investment is land rights facility. The granting of this land rights facility is mentioned in Law No. 25 Year 2007 regarding Investment. Article 22 of Law No. 25 Year 2007 regarding Investment (UUPM) gives 3 kinds of facilities of land right namely Right to Use Business, Building Use Right, and Right to Use.

Keywords: Investment, land rights, Facilities

A. Introduction

Indonesia has an area of approximately 5,193,250 m², which includes land and sea. In its position Indonesia plays an important role that is a country the largest archipelago in the world that stretches from Sabang to Merauke region, situated between two seas to be specific the Indian Ocean and Pacific Ocean, and flanked by two continents of Asia and the continent of Australia.

Its strategic location makes Indonesia a country that has an important role in the role of the world economy. In addition to the area, Indonesia also has a lot of resources scattered throughout the territory of Indonesia. This resource is also a very desirable thing for many people.

The increasing economy in Indonesia invites not only Indonesians to invest but also invites outsiders to do business in Indonesia. Location, region and natural resources that make Indonesia become quite famous to be a place to do business.

Indonesia distinguishes investment into two. The capital investment in Indonesia is domestic investment and foreign investment. This is in accordance with the purpose of the implementation of investment in Article 3 of UUPM that is to:

1. increase public financial development;
2. create occupations;
3. promote maintainable financial turn of events;
4. improve the seriousness of the public business world;
5. improve public innovation limit and ability;
6. encourage the advancement of individuals' economy;
7. cultivate a likely economy into a genuine financial force by utilizing reserves starting, both locally and from abroad; and
8. improve individuals' government assistance.

In doing investment in Indonesia. In the Article 18 UUPM as policy holder in Indonesia gives assurance that will be given some facilities for the investors. The facilities provided to the investors of capital for investors who do business expansion or who do a new investment in Indonesia. The facilities provided by the Indonesian government must meet the criteria set forth in UUPM:

- a. absorb a ton of labor;
- b. including high-need scale;
- c. including framework advancement;
- d. transfer innovation;
- e. doing pioneer industry;
- f. in far off regions, immature territories, line regions, or different regions considered significant;
- g. preserving the climate;
- h. conducting examination, advancement and development exercises;
- i. partnering with miniature, little, medium or agreeable undertakings; or
- j. industries utilizing capital products or apparatus or hardware created locally

Form of facilities provided to investment in UUPM:

- a. income charge through allowances of total compensation partly on the measure of venture made inside a predefined time;

- b. exemption or alleviation of import obligation on the import of capital merchandise, apparatus, or gear for creation purposes not yet delivered locally;
- c. exemption or alleviation of import obligations on crude materials or helper material with the end goal of creation for a specific timeframe and certain conditions;
- d. exemption or suspension of Value Added Tax on import of capital merchandise or hardware or gear for creation purposes not yet
- e. can be created locally for a specific timeframe;
- f. accelerated devaluation or amortization; and
- g. waivers of land and building charge, particularly for certain business areas, in specific districts or locales or districts.

In addition to the above facilities, the Government UUPM provides services and / or permits to investment companies to obtain:

- a. land rights;
- b. immigration administration offices; and
- c. import authorizing office.

One of the most important things to do business is land. Increased economic activity affects the income level of society. Economics is one of the most important things for a country. The prosperity of a State can be measured from the economic level of a State. One way to improve the economy is to conduct business activities.

Indonesia has enormous enough land. Land turns into something vital for business acts on the grounds that each business action working together exertion. Business exercises can be as exchange, creation, or in the field of administrations. As per Article 33 section 3 UUD'45 it is said that the earth, water, and common assets contained in that are constrained by the state and utilized for the best success of individuals. In this article it is said that the earth in Indonesia is constrained by the State for the thriving individuals.

Authorization by this State is given in the form of regulation of legislation. In accordance with UUPM, then in the capital investment is granted facilities in the form of rights to land.

B. Land Rights in The Law Of The Republic Of Indonesia No. 5 Year 1960 Regarding Agrarian Principles (UUPA).

Indonesian Dictionary (KBBI) gives the definition of land as follows:¹

- a. Earth in the sense of the earth's surface or the earth's top layers, the state of the earth, the surface of the earth given the boundary of the land;
- b. The boundary surface of the earth occupied by a nation or ruled by a state;
- c. Earth or earth materials as something material;
- d. Basic

Black's Law Dictionary gives understanding to the land ie:²

- a. an steady and indestructible three-dimensional are comprising of a segment of the world's surface, the space far in excess of the surface and all of which develop on or perpetual attached to it;
- b. an home or interest in genuine property.

As per Article 4 Paragraph (1) of UUPA gives that based on the privilege of control of the State, it is resolved that there are different sorts of rights on the outside of the earth called land, which can be given and may likewise be possessed by individuals both alone and along with different people and bodies, legitimate substance..

According to Article 4 Paragraph (2) UUPA states that On the basis of control of the state determined the existence of various rights of land which can be given to and owned either alone or jointly with other persons and legal entities, in which the right to land it authorizes the use of the respective lands in such a manner, as well as the earth and water and the air space above it is only necessary for the purposes directly related to the use of the land, within the limits of UUPA under the other laws of the higher .

Various land rights are contained in UUPA, which are grouped into three areas:³

- a. Fixed Land rights

¹ Muhammad Ilham Arisaputra, 2015, *Reforma Agraria di Indonesia*, Sinar Grafika, Jakarta, p.56

² ibid

³ ibid

The rights to this land will remain as long as UUPA Regarding Agrarian Principles is still in force or has not been revoked by the new law. Various rights to this land are Right of ownership, right of tenure by long lease, Right of Building, Rights of Use, Right of Lease, Right to Open Land, and Right to Collect Forest Products.

b. Land rights to be determined by law

That is the right to land to be born later, which will be established by law. The rights to this land have not existed.

c. Temporary land titles

The right to this land is temporary, in a short time will be abolished because it contains the properties of extortion, containing feudal nature, and contrary to the spirit of The Law Of The Republic Of Indonesia No. 5 Year 1960 Regarding Agrarian Principles. These kinds of rights are Land Rights (Pawn Land), Right of Profit Sharing (Profit Sharing Agreement), Right of Ride, and Right of Lease of Agricultural Land.

Here are the various land titles set forth in UUPA :

a. Rights of Ownership (*Hak Milik*)

The definition of property rights under the provisions of UUPA specifically in Article 20 is state that Rights of Ownership are the hereditary, strongest and most fulfilling privileges that people can have on the land. According to Article 6 of UUPA all rights to land have a social function. The strongest and most complete here does not imply that property rights are an absolute, unlimited and irrevocable right. This is intended to distinguish it from other rights owned by the individual. In other words, Rights of Ownership are the most powerful and most full of all other land rights. So the owner has the right to claim back in the hands of whoever it is. A person who has property can do whatever he wishes his own, just so long it does not violate the law or violate the rights or interests of others.

Each property is deemed to be free from any burden of proof while a person claiming to have a right to land must provide proof. If a law on land ownership is completed, it will no longer be allowed to own land ownership,

without the prior Government's permission, as is the case with land clearance under customary law or land ownership, but all landowners will be land ownership secondary (*derivatief afgeleid*).⁴

b. Right Of Tenure By Long Lease (*Hak Guna Usaha*)

The Right Of Tenure By Long Lease as alluded to in Article 28 UUPA states that The Right Of Tenure By Long Lease is the option to develop land straightforwardly constrained by the state inside the time frame set out in Article 29 for rural, fishery and animals undertakings. As indicated by article 2 of Government Regulation 40 of 1996 On Right Of Tenure By Long Lease, Right Of Building, and Right Of Use it is expressed that the individuals who may have the Right Of Tenure By Long Lease are:

- 1) Indonesian resident
- 2) Legal Entities set up under Indonesian Law and

c. Right Of Building (*Hak Guna Bangunan*)

PP 40 of 1996 Regarding The Rights Of Business, Rights And Building Rights To Land regulates the right to Building states that The right of building is the right to establish and acquire buildings on land which is not his own with a maximum period of 30 years and can be extended for maximum 20 years. At the request of the right holder and keeping in mind the necessity and the circumstances of its buildings, may be extended to a maximum of 20 years. Building Use Rights may be transferred and transferred to other parties. Article 19 of PP 40 of 1996 On Right Of Tenure By Long Lease, Right Of Building, and Right Of Use, stipulates that those who can own building rights are:

- 1) Indonesian citizens;
- 2) a legal entity established under Indonesian law and domiciled in Indonesia.

d. Rights of Use (*Hak Pakai*)

The meaning of utilization rights under Article 41 of UUPA states that The option to utilize is the option to utilize and gather the returns of land straightforwardly constrained by the state or place where there is someone else,

⁴ *ibid*

giving the power and obligations endorsed in the choice of his honor by the capable position to give it or in the land guardianship arrangement, soul and arrangements of this law. Option to Use can be given throughout a predefined timeframe or during which the land is utilized for a specific reason and Free of accuse or of any installment or administration arrangement.

"Use" in Right of Use alludes to the idea that Right to Use is utilized for building purposes, while "demand" in Right of Use alludes to the thought that Right to Use is utilized for purposes other than developing structures, like farming, fisheries, domesticated animals and estates.⁵

Article 40 of PP 40 of 1996 On Right Of Tenure By Long Lease, Right Of Building, and Right Of Use. That which may have the Right to Use is:

- 1) Indonesian resident;
- 2) a lawful element set up under Indonesian law and domiciled in Indonesia;
- 3) Departments, Non-Departmental Government Agencies, and Local Governments;
- 4) Religious and social bodies.
- 5) Foreigners domiciled in Indonesia;
- 6) Foreign lawful element having a delegate in Indonesia;
- 7) Representatives of unfamiliar nations and agents of worldwide bodies.

PP No. 103 Year 2015 Regarding Ownership of Shelter or Resident Homes by Foreigners Based in Indonesia. Article 6 Jo. Article 7, which is a single house on the land of use rights and above the right of use land above the right of ownership is given a period of 30 years, extension of 20 and 30 years renewal. Thus, the right of use on the single house is the longest held for 80 years.

e. Right of Lease (*Hak Sewa*)

Privileges of Lease is in Article 44 Paragraph (1) UUPA express that An individual or lawful element possessing the option to rent the land. Article 44 of UUPA clarifies that an individual or lawful substance has the privilege to rent in the event that he is qualified for utilize someone else's property for building purposes, by paying to the proprietor an amount of cash as lease. The installment

⁵ Urip Santoso II, *Hukum Agraria: Kajian Komprehensif*, Jakarta, Kencana Prenada Media Group, 2012, p. 119.

of lease might be made once or whenever and previously or after the land is utilized which may not be joined by blackmail components. Article 45 UUPA indicates subjects who can become leaseholders, specifically Indonesian residents, outsiders domiciled in Indonesia, lawful elements set up under Indonesian law and domiciled in Indonesia, and unfamiliar legitimate substances having portrayal in Indonesia.

C. Land Rights For Foreign Direct Investment In Indonesia.

UUPM states that investment is any form of investment activity, either by domestic investors or foreign investors to do business in the territory of the Republic of Indonesia. In the investment there are investors. An investor is an individual or business entity that carries out investments which may be domestic investors and foreign investors.

In this study will be discussed is about foreign investors. UUPM provides definition of foreign investor is individual foreign citizen, foreign business entity, and / or foreign government conducting investment in the territory of the Republic of Indonesia.

Article 5 of UUPM announces that Foreign Investment will be as a restricted obligation organization under Indonesian law and domiciled inside the region of the Republic of Indonesia, except if in any case given by law. Each financial backer is qualified for:

- a. certainty of rights, law and insurance;
- b. open data about the business area it is running;
- c. right of administration; and
- d. various types of convenience offices as per the arrangements of enactment.

Each financial backer is obliged:

- a. apply the standards of good corporate administration;
- b. carrying out corporate social duty;
- c. prepare gives an account of speculation exercises and submit them to the Investment Coordinating Board;

- d. respect the social practices of the networks encompassing the area of speculation business exercises; and
- e. comply with all laws and guidelines.

Each financial backer is dependable:

- a. guarantee the accessibility of capital beginning from sources that don't struggle with the arrangements of laws and guidelines;
- b. bears and settle all commitments and misfortunes if the financial backer stops or forsakes or deserts their business exercises singularly as per the arrangements of the guideline ;
- c. create a solid serious business environment, forestall monopolistic practices, and whatever else that hurts the state;
- d. preserving the climate;
- e. creating the wellbeing, wellbeing, solace, and government assistance of laborers; and
- f. comply with all laws and guidelines.

As indicated by Article 22 of UUPM, the simplicity of administrations and/or licenses of land rights can be conceded and reached out ahead of time without a moment's delay and sustainable upon the utilization of financial backers, as:

- a. Right Of Tenure By Long Lease might be conceded with an aggregate of 95 years via being allowed and restored ahead of time for a very long time and sustainable for a very long time;
- b. Rights Of Build might be conceded for a measure of 80 years in a manner that can be allowed and reached out ahead of time immediately during the year and might be reestablished for a very long time; and
- c. Rights of Use might be allowed for a sum of 70 years in a manner that can be conceded and stretched out ahead of time for a very long time and inexhaustible for a very long time.

Land rights can be granted and extended in advance at once for investment activities, with the following requirements:

- a. long-term investments and related to the more competitive changes of Indonesia's economic structure;

- b. investment with investment risk level requiring long-term return of capital in accordance with the type of investment activity undertaken;
- c. investments that do not require large areas;
- d. investment by using the right to state land; and
- e. investments that do not disturb the sense of community justice and do not harm the public interest.

D. Conclusion

In practice, Indonesia recognizes a wide range of land rights, but not all land rights can be used for foreign Direct investment. In foreign investment only 3 land rights can be used, namely Right Of Tenure By Long Lease, Right Of Build, and The Right Of Use

E. References

- Government Regulation 40 of 1996 On Right Of Tenure By Long Lease, Right Of Building, and Right Of Use
- Government Regulation No. 103 Year 2015 Regarding Ownership of Shelter or Resident Homes by Foreigners Based in Indonesia
- Muhammad Ilham Arisaputra, 2015, *Reforma Agraria di Indonesia*, Sinar Grafika, Jakarta.
- Urip Santoso II, *Hukum Agraria: Kajian Komprehensif*, Jakarta, Kencana Prenada Media Group, 2012.