

PROCEEDINGS

The Role of Business and Finance
in Achieving the Sustainable
Development Goals (SDG's)

22 SEPTEMBER 2018



Maulana Malik Ibrahim
State Islamic University Malang



BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA



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“ The Role Of Business and Finance In Achieving The Sustainable Development Goals (SDG's)

22nd September, 2018

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FOREWORD

It is my proud privilege to welcome you all to the 6th ICONIES 2018 International Conference On Islamic Economics & Business at UIN Maulana Malik Ibrahim Malang. This platform is intended to provide a platform for researchers, educators and professionals to present their discoveries and innovative practice and to explore future trends and applications in the field economics, business, accounting, entrepreneurship and also Islamic banking. However, this conference will also provide a forum for dissemination of knowledge on both theoretical and applied research on the above said area with an ultimate aim to bridge the gap between these coherent disciplines of knowledge. Thus the forum accelerates the trend of development of technology for the next generation.

Furthermore, I would like to express my gratitude to keynote speakers, Muhammad Haseeb, Ph.D from Management & Science University, Malaysia, Ben Roy Do., Ph.D from National Central University, Taiwan and Prof. Dr. H. M. Djakfar, M.Ag from UIN Maulana Malik Ibrahim Malang who so generously make this event come together smoothly and we couldn't have done without you. The editors deserve special thanks for their excellent endeavors in reviewing and preparing manuscripts for publication. I would like to thank the presenters for their willingness to share their latest research and ideas. Without their efforts, this conference would not be possible. Keep up productive discussion.

Finally, welcome all of you to the 6th ICONIES 2018 International Conference On Islamic Economics & Business. Please accept best wishes for a wonderful and stimulating stay in Malang. I hope you will enjoy the conference and have a wonderful time.

Regards,

Muhammad Sulhan
Chairman

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STRATEGIC MARKETING FOR WASTE BANKING IN MALANG

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Abstract

Waste problem has been common at Malang. Uncontrolled waste piles cause various problems. To overcome this, Malang City government establishes environmental cadres for Waste Banking. This study aims to explore the Strategic Marketing for Waste Banking in Malang. This study was conducted in Malang Waste Bank by applying qualitative descriptive approach as a research method. Informants are determined by purposive sampling technique with a three principal informant and three additional informants. In addition, the collecting data process includes observation, interviews, and documentation. For data validity, this study uses triangulation techniques. The results shows that the implementation of marketing mix in Waste Banking in Malang was performed by designing the product collection and distribution in the form of savings (product), pricing products to survey the market (price), disseminating to the public (promotion), collecting the waste using a fleet of vehicles (place), involving employees in marketing (people), operating the schedule of Malang Waste Banking (process) and distinguishing production warehouse and offices of Malang Waste Bank (physical evidence).

Keywords: Waste banking, Product, Price, Place, People, Process, Physical Evidence.

Strategic Marketing for Waste Bank in Malang

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ABSTRACT

Waste problem has become a common phenomenon in Malang. Uncontrolled waste piles can cause various problems. To overcome this, Malang City government establish environmental cadres for Waste Bank. This study aims to explore the Strategic Marketing for Waste Bank in Malang. This study was conducted in Malang Waste Bank by a qualitative descriptive approach as a research method. Informants are determined by purposive sampling technique with the three principal informant and three additional informants. In addition, the collecting data process includes observation, interviews, and documentation. For data validity, this study used triangulation techniques. The results showed that the implementation of marketing mix in Waste Bank of Malang was performed by designing the product collection and distribution in the form of savings (product), pricing products to survey the market (price), disseminating to the public (promotion), collecting the waste using a fleet of vehicles (place), involving employees in marketing (people), operating the schedule of Malang Waste Bank (process) and distinguishing production warehouse and offices of Malang Waste Bank (physical evidence).

KEYWORDS: Waste bank, Product, Price, Place, People, Process, Physical Evidence.

| Received June 2018 | Accepted September 2018 |

INTRODUCTION

The problem of waste is not only happening in the capital, but also occurs in other developing areas such as Malang. The increasing population and economic flow caused the production of garbage in Malang City to increase. Based on data from Population and Civil Registry Office of Malang, the population density in Malang on September 1, 2016 reached 890,636 inhabitants. The high population reflects the high production of waste generated by the total volume of waste in 2014-2015 is 1,300 tons / day. The facts of handling waste problems are caused by increasing waste volume and waste management at landfills (TPA). According to the data from the Office of Sanitation and Gardening of Malang City, the production of household waste in Malang reaches 660 tons per day.

The efforts of waste prevention in Malang are conducted in various ways such as waste bank program. In the implementation of this waste Bank program, the government and related institutions need a special strategy. Strategies used in supporting success by devising marketing strategies. Marketing strategy is required to take quick steps in taking advantage of opportunities. Waste Bank as a new institution, at the stage of introduction, is required to increase socialization and improvement in services to take opportunities. In this phase, consumers tend to experiment and compare with other services. Marketing as a social and managerial process whereby individuals and groups get their needs and wants by exchanging with other individuals or groups will grow immediately. This research aims to find out how to apply marketing mix at Waste Bank in Malang, to know the obstacle and solution of marketing mix implementation.

From the phenomenon, as a consequence, the marketers or managers of waste Bank should always understand the behavior of consumers as a whole in order to maintain its survival and formulate its marketing strategy quickly and accurately. As a result, the waste Bank is a company that produces products in the form of services of collectors and financial services that must be marketed to consumers, in choosing a service product, many consumers are influenced by several factors, including marketing mix factor consisting of 7P (which includes: , price, promotion, place, people, process, and physical evidence). This research was conducted at Malang Waste Bank (BSM) because BSM is the only waste Bank in Malang. Another reason is the concern of the people of Malang who always want cleanliness of the environment, free from waste. Therefore, the enthusiasm of the community in utilizing the services offered by waste Bank is significant and the quantity of BSM customers continues to increase.

Table 1. BSM Customers 2013-2015

Customer Per Unit	2013	2014	2015
Community	303	320	469
School	174	176	209
Institution/company	24	35	55
Individual	542	670	1.018
Office/Collector	14	15	30
Total	1.057	1.216	1.781

Source: Data processed, 2017

LITERATURE REVIEW

Marketing Mix

According to Kotler (2000) in Arief (2007: 61) marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. While Kotler and Armstrong (1996) in Arief (2007: 60) defined that marketing mix is the set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market.

Marketing mix has been defined as an element of marketing management where the organization can coordinate and control various positions in the destination market. It can be interpreted that the marketing mix is the controlled variables that are combined to produce the expected response from the target market. For service business there are 7 elements of marketing mix consisting of Product, Price, Promotion, Place, People, Process and Physical Evidence.

Product

A product is a set of tangible and intangible attributes, including packaging, color, price, manufacturer's prestige and manufacturer's retailer, which the buyer may accept as satisfaction (W.J. Stanton, 1981 in Alma 2013: 139). The product is a set of attributes of tangible and intangible, including color, price, and factory or retailer service, received by the buyer in order to satisfy his wishes.

Products are everything the company offers to consumers to meet their needs. In the service industry, the product is not real or cannot be observed directly so that it can only be observed in the process and not on the results (Arief, 2007: 88). Lots of products offered by Malang Waste Bank. All products offered are made from raw waste and processed into finished goods that have economic value. An example is the payment of electricity and water bills that can be paid through the bank by using waste as an exchange.

Price

In economic theory, the notion of price, value and utility, is an interrelated concept. This utility is an attribute attached to a good, which allows the goods can meet the needs (needs), desire and customer satisfaction.

Value is the value of a product to be exchanged for other products. This value can be seen in a barter situation, exchanging of goods with goods. Currently, the payment system does not exist, but already uses money as a measure called price. Thus, price is the value of an item declared with money (Alma, 2013: 169). BSM also provide a fairly attractive price for each product offered to its members, by depositing the amount of waste that has been determined by the BSM, members will get the results of the deposit either in the form of cash or in the member's book savings.

Promotion

According to Arief (2007, p. 89) promotion as a way to communicate the benefits of services to consumers is an important element in the service industry. Because of its unreal nature, one of the promotional goals is to make services real to consumers. In the service industry, communication models such as "word of mouth" is an effective promotion in affecting consumer interest in services offered.

Various promotions have been made by BSM, through various media, offers its products and provides the latest relevant information. In this way, the interest of community to protect the environment by depositing waste to BSM will also increase along with the promotions offered by BSM.

Place

The place refers to the right product, in the right location, and at the right time. Product placement is performed through an intermediary called a distribution channel or supply chain. The supply chain consists of interdependent producers, wholesalers, and retailers. These groups are involved with making products or services available for use or consumption. Each participant in a supply chain deals with three basic utilities: time, place, and ownership.

Time utility refers to the products available at the time which is able to meet the needs of consumers. Place utilities occur when a company gives satisfaction to consumers with those places easily available to consumers. Finally, ownership utility means that wholesalers and retailers in the supply chain provide services to consumers as best as possible (Ed Burton S. Kalisk, 2007).

Malang Waste Bank differentiates the location between the waste management site and the Waste bank office. The place waste management requires a large place that serves to accommodate large amounts of waste.

People

In some service companies, company employees are a vital element in the marketing mix. While in manufacturing companies, where the production process is separated by consumption, consumers will not be affected (Arief, 2007, p. 89).

The management of Malang Waste Bank is very diverse and comes from different backgrounds and has different competencies. Thus, the different competencies possessed by every bank administrator is very helpful for the bank's waste operations.

Process

In the service industry, the production process is often more important than the result. This is because of the direct interaction between producers who make the production process with consumers who use the services at the same time, even in some cases the consumer is involved in the production process. In a service company there can be no clear separation between marketing and operations management (Arief, 2007, p. 90).

Rapid service process, using a ball picking strategy is a service provided by the BSM to its members. This is a BSM service that aims to maintain members' satisfaction.

Physical Evidence

The unrealistic nature of services can only be assessed after consumption and will increase the risk of consumer purchasing decisions. Thus, the critical challenge in service marketing makes the service more real by managing physical evidence (Arief, 2007, p. 90).

Waste Bank

Initial data obtained from secondary sources, can be described as follows:

Figure 1. BSM Management



The initial process is the collection undertaken by BSM by informing the public of the importance of the presence of a waste bank as a solution to environmental problems. People interested in becoming members must register as a condition for obtaining facilities. After becoming a member, it will be held administrative training that serves to provide knowledge how to deal with waste in the community.

After the training stage, the bank will make an agreement with the members for scheduling the collected garbage. In every transaction of garbage collection will be recorded by the bank and written in the member's savings.

The stages of BSM distribution to members are in the form of trainings such as warehouse management, production management and composting, methane gas, worm farming, and recycling handicrafts.

METHODS

The type of research used is explanatory research by a qualitative descriptive approach. The purpose of explanatory research is to answer or explain the problems being faced (Malholtra, in Sani and Maharani, 2013). In this study, which became the location of research is the city of Malang precisely on Jl. S Supriyadi No. 38 A, Sukun.

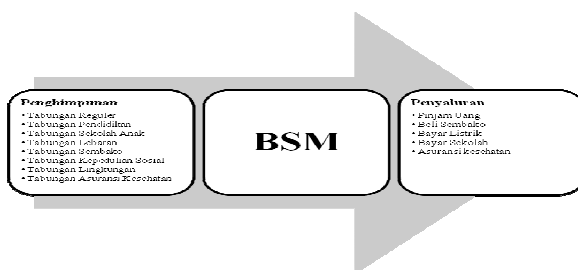
The data source consists of primary and secondary data. The former include archives, documents, and related literatures. Whereas, the latter is covering 3 main informants; internal (Bank Management officer), external (Members), and regulator (Officer of Sanitary and Park Office, Malang City).

The context of this research is emphasizing the descriptive qualitative approach that aims to explain and describe the description of marketing strategy at Malang Waste Bank (BSM).

RESULTS AND DISCUSSION

Product

Figure 2. BSM Product



Price

BSM determines the price of the product by conducting a survey to the collectors and factories, and always change the price at least 3 months. BSM's pricing is similar to the pricing concept described by Kasmir (2010, 142) with the method of price modification and discrimination by time, the price determined by a certain period or period of hours, days, weeks or months. The second method is Cost Plus Pricing with Mark Up, in BSM any saved waste will be added to the profit provided to the customer.

Figure 3. BSM Price List

No.	Nama Barang	Satuan	Harga Pokok	Harga Jual	Margin	Kategori	Status
1.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
2.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
3.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
4.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
5.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
6.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
7.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
8.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
9.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
10.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
11.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
12.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
13.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
14.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
15.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
16.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
17.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
18.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
19.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
20.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
21.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
22.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
23.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
24.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
25.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
26.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
27.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
28.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
29.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
30.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
31.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
32.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
33.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
34.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
35.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
36.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
37.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
38.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
39.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
40.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
41.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
42.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
43.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
44.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
45.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
46.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
47.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
48.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
49.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active
50.	Kardus Bekas	kg	1.200	1.500	25%	Recycle	Active

Source: BSM, 2016

Promotion

At BSM, promotional activities are conducted with socialization to the community both from the importance of maintaining the environment, teaching the community how to sort out the waste, and how to reuse the waste. This activity is carried out by the empowerment and waste collection division. In addition, the division is also responsible for setting up a garbage collection schedule for all BSM customers.

BSM socialization activities are similar to the concept of personal selling, promotional activities through personal BSM employees in serving and affect customers. The socialization conducted by BSM is by visiting family welfare development (PKK) and schools. The purpose of socialization is not only to introduce BSM to the community, but also to change the mindset of the community about waste, where waste as a useless item becomes goods that have economic value. Not only do socialization, BSM also make personal sales by using scheduled uniform every day. Thus, BSM employees have indirectly promoted to the public.

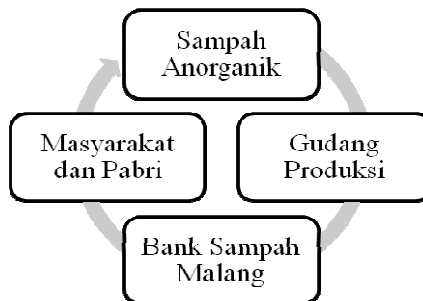
Place

In order to improve the efficiency of the company, there is occasionally integration, among various supply chain institutions. The integration, which is instituted by the upper institutions to the bottom, is called forward integration. This strategy is used because of efficiency considerations, or because they want to be more secure in distributing their products, to be more quickly distributed, and not dependent on other institutions. In Malang Waste Bank, distribution

channels take the form of waste collection from the public using truck and pick up.

By supply chain, Bank adheres to the concept of distribution in the form of direct and semi direct distribution. This is because garbage from individual customers and assisted groups will be taken by BSM, if it has been eligible. This concept is similar to the concept described by Alma (2013, 51) which states that to deliver goods from producer to consumer through semi-direct distribution which can be described as follows:

Figure 4. BSM Supply Chain



Source: Data Processed, 2016

Information:

- a. The garbage that has been collected by community through group members will be taken by BSM to be produced in the warehouse.
- b. The garbage that has been recycled by community groups will be delivered to BSM offices for sale to consumers.
- c. The waste in BSM will be re-managed to get added value, sorted or cleaned. For plastic waste will be processed into a plastic seed in the production warehouse
- d. Recycled waste will be sold to communities visiting BSM offices and plastic waste will be sold to factories that have cooperated with BSM.

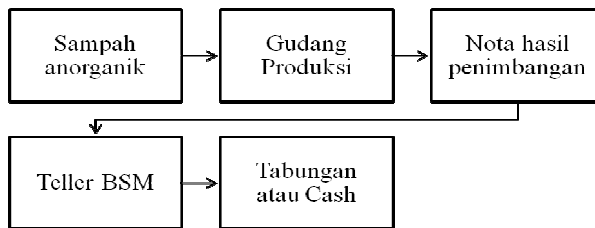
According to Handoko (2009, 233) the personnel preparation is a management function related to withdrawal, placement, training and organizational members development. The Employees of waste Bank, partly derived from environmental cadres of Malang City, are required to attend training on garbage empowerment, waste management, and reuse. Therefore, employee educational background is diverse because employees who work do not require a high education, but awareness to waste.

The concept of Waste Bank employees is in accordance with the concepts described by Handoko about the management functions related to placement, training, and organizational member development. In addition to training on waste management, BSM employees in the operational division, will immediately jump into the market to conduct a survey of the price of waste. This is the form of employee development proposed by Handoko which is applied in BSM.

Process

Process refers to customer involvement in the service, process activities, service standards, simplicity or complexity of work procedures in the bank. The standard procedure of BSM in conducting transactions is to distinguish weighing and exchange places, which can be described as follows:

Figure 5. BSM Transaction Flow



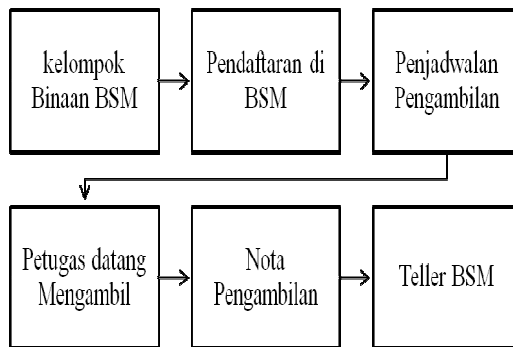
Source: Data Processed, 2016

Information:

- Waste brought by customers will be weighed in the weighing place behind the BSM office
- The weighed waste will be sent to the production warehouse to be sorted again according to the established species.
- The customer will get a weighing note and he can exchange it into money at the teller or cashier.
- Teller will ask the customer to save it into the account or exchange it with cash.

The operational standards on scheduling waste collection can be described by the following flow:

Figure 6. The Flow of Waste Scheduling



Source: Data Processed, 2016

Information:

- The head of the target group registered at BSM via telephone
- BSM will process the request, by specifying the day of fetch. If, they are around the bank, it will be immediately taken on Monday-Thursday. Meanwhile, for groups outside Malang Regency will be taken on Friday and Saturday
- BSM officers came with a fleet and carried scales, to weigh the place and witnessed by the head of the target group
- The weighed waste will be exchanged with a weighing note
- The weighing note is given to the teller to be included in the group account

Physical evidence consist of logos, mottoes, facilities owned, employee uniforms, reports, business cards, and company guarantees. In BSM, physical evidence is in the form of building layout and room layout. According to Kashmir (2010, 151) the type of preparation of the layout include; 1) Process Layout. It is a type of layout by placing the same machines or equipment in a group or room, 2) Product layout. It is a type of layout by placing machines or equipment sequentially in accordance with its function.

BSM differentiates the place for production and place for customer service. By distinguishing the two places, indirectly, the system implemented by BSM is relevant to the concept of product layout proposed by Kasmir (2015).

The Obstacles

There are several obstacle, in implementing the marketing mix in BSM, such as; 1) The low of community awareness to sort out the waste that has economic value, especially there are 70 types of waste that must be sorted, 2) The price of waste fluctuate based on market prices. The price of waste is determined by the demand of foreign or domestic companies, 3) Unfair competition among collectors due to pure business activities, 4) The low of waste exchange rate and some people only judge from economic point of view, so that for middle and upper class customers are still low, 5) The existence of waste warehouse in BSM units is still not adequate, partly using waste or terrace of the house, RW office, security Post, vacant buildings, etc. 6) Knowledge of waste of economic value is still kept secret by most of the collectors, 7) The lack of common understanding among the community, community leaders, RT/RW and government, especially in the level of urban community government related to the benefits of the bank.

The Solutions

To overcome the problems and obstacles, bank takes several steps including; 1) Assisting the community, 2) Implementing a price strategy, by always surveying the price of waste in the market every 3 months, 3) Cooperating with the city government to create a community in handling organic waste 4) Conducting internal managerial evaluation to change the socialization strategy to the community, in order to not only the lower economic groups are engaged in 3R activities, but also the middle and upper class involved, 5) Collaborating with the Government of Malang City or related offices, park and sanitary office, to issue a decree that every household waste should be managed by 3R (reduce, reuse, and recycle) before disposal to final landfill.

CONCLUSION

Marketing strategy at Malang Waste Bank (BSM) implements marketing mix which includes product, price, promotion, place, people, process, and physical evidence. In the process of implementation in the field, there are 7 basic constraints that come from external banks and affect the operations of the Bank. The low level of public awareness about waste is one of the biggest problems. To overcome those problems, the Bank provides assistance to the community in order the level of public awareness changes and begins to care about the waste and the environment.

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