ANALYSIS OF AIESEC PRESIDENT UNIVERSITY FINANCIAL STRATEGY IN SUSTAINING THE FINANCIAL STABILITY

A CASE STUDY AT AIESEC PRESIDENT UNIVERSITY

By

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PANEL OF EXAMINERS
APPROVAL SHEET

The Panel of Examiners declares that the skripsi entitled **"ANALYSIS OF AIESEC PRESIDENT UNIVERSITY FINANCIAL STRATEGY IN SUSTAINING THE FINANCIAL STABILITY A CASE STUDY AT AIESEC PREIDENT UNIVERSITY"** that was submitted by Dony Mahesa Parindra majoring in Management from the Faculty of Business was assessed and approved to have passed the Oral Examinations on

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RECOMMENDATION LETTER

This skripsi entitled **“ANALYSIS OF AIESEC PRESIDENT UNIVERSITY FINANCIAL STRATEGY IN SUSTAINING THE FINANCIAL STABILITY A CASE STUDY AT AIESEC PREIDENT UNIVERSITY”** prepared and submitted by Dony Mahesa Parindra in partial fulfillment of the requirements for the degree of Bachelor in the Faculty of Business has been reviewed and found to have satisfied the requirements for the skripsi fit to be examined.

I therefore recommend this skripsi for Oral Defense

Cikarang, Indonesia, March, 2015

Acknowkedged by, Recommended by,

V. Jajat Kristanto SE.,MM.,MBA **Erwin Ramedhan Dr., DEA.**

Head of Management Study Program **Advisor**

DECLARATION OF ORIGINALITY

I declared that this skripsi, entitle **"ANALYSIS OF AIESEC PRESIDENT UNIVERSITY FINANCIAL STRATEGY IN SUSTAINING THE FINANCIAL STABILITY A CASE STUDY AT AIESEC PREIDENT UNIVERSITY"** is to the best of my knowledge and belief, an original piece of work that has not been submitted, either in the whole or in part, to another university to obtain degree.

Cikarang, Indonesia, March, 2015

DONY MAHESA PARINDRA

ABSTRACT

Through qualitative research, the focus of this research is to analyze the financial strategy of AIESEC President University to sustain the financial stability a case study at AIESEC President University. This research uses the theory from Miles and Huberman model as references to get data analysis for the data verification. For the analysis the researcher uses SWOT analysis theory. To get all the data, the researcher do the observation for few days in the AIESEC office, and the researcher also interviewed five persons who understand the strategy and also the cash flow of the AIESEC President University. AIESEC is a well known NGO that is run fully by students, means that this organization is not getting any funds from both the government and university. But even though they are not getting any helps from the government, this organization is working really well especially the one in President University. Seeing this, certainly there is a good strategy behind all this operations run by AIESEC President University. The researcher got the conclusion that the strategy that is used by AIESEC President University is work efficiently and well implemented, since the data that the researcher got shows that the financial status of AIESEC President University is always stable in every month and in some month even increasing.

Keywords: *NGO, AIESEC, Funding, Financial status analysis, SWOT Analysis*

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CHAPTER I
INTRODUCTION

1.1. Background of the Study

AIESEC is an international non-governmental organization that provides young people with leadership opportunities to develop themselves into global leaders with an urge to make a difference in society. Members come from variety of college majors, not necessarily from an area related to economic or commercial sciences. As of January 2014, the AIESEC network includes over 100,000 members in 124 countries and territories. It is the largest student-run organization in the world.

According to several sources, AIESEC is one of the most popular organizations that is known globally and it is also the largest student-run organization in the world. Knowing that it is run and organized fully by students, the researcher is surprised and curious about how the student start it and built it from maybe only an idea of a person and finally becoming the biggest student-run organization in the world. Than the second thing that made the researcher curious is the financial or funding. Since AIESEC is not a governmental organization how could this student continue and developed their ideas. And those curiosity that made the researcher doing a research about this and making this skripsi.

The researcher would like to know about this organization's strategy from the first time it came in to Indonesia until now and how they developed themselves in Indonesia and attracted many students to join and become a member of AIESEC. The researcher really wanted to know those things because it is one of the biggest NGO in the world and it is run by students, and that is really rare and unique. Because it is really rare for a NGO that is run fully by student and with only little help by Indonesian government can go International, exchanging student between countries and everything, AIESEC programs are beyond any other student's organizations that are exist in Indonesia and it attracted the researcher to do some research and analysis about this NGO.

The researcher will find out about how the AIESEC, specially the one in President University can maintain their financial status and still doing student exchange in the same time without the help from the government. Many things were found by the researcher during his research and all will be putted here in this skripsi for everyone who has the same curiosity as the researcher has.

1.2. Problem Identification

NGO is an organization that is neither a part of a government nor conventional for-profit business. Usually set up by ordinary citizens, NGOs may be funded by governments, foundations, businesses, or private persons. Some avoid formal funding altogether and are run primarily by volunteers. NGOs are highly diverse groups of organizations engaged in a wide range of activities, and take different forms in different parts of the world. Some may have charitable status, while others may be for tax exemption based on recognition of social purposes. Others may be fronts for political, religious, or other interest groups.

Based on the above explanations, the researcher starts to think of how NGOs get the funding and how they manage and maintain their financial status. Because it was explained that most of the NGO did not get any help from the government, in this case is AIESEC. AIESEC did not get any financial supports from the government but still they can do their activities and even developing in to the biggest student-run organization in the world.

Also in this research the researcher would like to find out about how AIESEC can hold such a big event or agenda like student exchange even without the help from the government.

Based on the statement above, the title of the study is “Analysis of AIESEC President University Financial Strategy in Sustaining Financial Stability (Case Study of AIESEC President University).”

1.3. Statement of Problem

Specifically, this study aims to answer this following question:

1. From where the AIESEC get all the funding?
2. How can they manage those funding?
3. What is the strategy to manage all the funding that they have?
4. How AIESEC can hold such a big event like student exchange and what is the strategy?

1.4. Research Objectives

Based on the preceding research question, the research objectives of the study can be translated as follows:

1. To find out from whom the AIESEC President University get all the funds.
2. To find out about how AIESEC President University get their funding from.
3. To find out about the strategy of AIESEC President University in getting the funds to run the organization and their operations.
4. To find out about the strategy that is used by AIESEC President University in maintaining their financial status

1.5. Significance of Study

Through this research hopefully could expand knowledge, information, and suggestion for:

1. **AIESEC**: The output of the research would become reference for AIESEC President University to maintain or maybe even developed the organization in the future because the management of the organization itself will be replaced each year, so with this research hopefully can help the new student who are managing the AIESEC to be better and maybe even developed a new strategy.
2. **University**: Researcher hopes that this study will help AIESEC to get more recognition from the university so that university will be more cooperative to the upcoming event that will be hold by AIESEC.
3. **Researcher**: To gain more knowledge about NGOs especially AIESEC about how to get a funds and how to manage and their strategy in developing an NGO. The researcher is hoping that this knowledge will be useful in the business world, since researcher's major is International Business.
4. **Future Researcher**: The researcher is hoping that the output and the result of this study will be useful for the future researcher who maybe interested in doing deeper studying about NGOs or AIESEC.

1.6. Scope and Limitation

1.6.1. Scope

The study is conducted to “Analysis of AIESEC President University Financial Strategy in Sustaining the Financial Stability (Case Study of International NGO in Indonesia).”

1.6.2. Limitation

This study is focused on AIESEC only in President University because it is the closest and all the data can be gathered without any much trouble and as valid as possible. The researcher will also do interview with some of the member and ex-member of AIESEC to get more detail about the data that about to be gathered, and to see everybody’s perception about AIESEC both in the President University and also Indonesia and the development of the organization.

CHAPTER II
REVIEW OF LITERATURE

2.1. NGO

A non-governmental organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national, or international level. Task-oriented and driven by people with a common interest , NGOs perform a variety of service and humanitarian functions, bring citizen concerns to government, advocate and monitor policies and encourage political participation through provision of information. Some are organized around specific issues, such as human rights, environment, or health. They provide analysis and expertise, serve as early mechanism and help monitor and implement international agreements. Their relationship with offices and agencies of the United Nations system differs depending on their goals, their venue and the mandate of a particular institution.

NGOs are difficult to define and the term NGO is rarely used consistently. As a result, there are many different classifications in use. The most common focus is on orientation and level of operation. An NGOs orientation refers to the type of activities it takes on. These activities might include human rights, environmental, or development work. An NGOs level of operation indicates the scale at which an organization works, such as local, regional, national, or international.

One characteristic these diverse organizations share is that their non-profit status means they are not hindered by short-term financial objectives. Accordingly, they are able to devote themselves to issues which occur across longer time horizons, such as climate change, malaria prevention or a global ban on landmines. Public surveys reveal that NGOs often enjoy high degree of public trust, which can make them a useful – but not always sufficient – proxy for the concerns of society and stakeholders.

2.1.1. Types of NGO

NGO/GRO (governmental related organizations) types can be understood by their orientation and level of operation.

1. By Orientation

a. **Charitable orientation** often involves a top-down paternalistic effort with little participation by the "beneficiaries". It includes NGOs with activities directed toward meeting the needs of the poor.
b. **Service orientation** includes NGOs with activities such as the provision of health, family planning or education services in which the program is designed by the NGO and people are expected to participate in its implementation and in receiving the service.
c. **Participatory orientation** is characterized by self-help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labour etc. In the classical community development project, participation begins with the need definition and continues into the planning and implementation stages.
d. **Empowering orientation** aims to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives. There is maximum involvement of the beneficiaries with NGOs acting as facilitators

2. By Level of Operation

a. **Community-based organizations (CBOs)** arise out of people's own initiatives. They can be responsible for raising the consciousness of the urban poor, helping them to understand their rights in accessing needed services, and providing such services.

b. **City-wide organizations** include organizations such as chambers of commerce and industry, coalitions of business, ethnic or educational groups, and associations of community organizations.

c. **National NGOs** include national organizations such as the YMCAs/YWCAs, professional associations, Samriddhi Foundation etc. Some have state and city branches and assist local NGOs.

d. **International NGOs** range from secular agencies such as Ducere Foundation and Save the Children organizations, OXFAM, CARE, Ford Foundation, and Rockefeller Foundation to religiously motivated groups. They can be responsible for funding local NGOs, institutions and projects and implementing projects.

Apart from "NGO", there are many alternative or overlapping terms in use, including: Third Sector Organization (TSO), Non Profit Organization (NPO), Voluntary Organization (VO), Civil Society Organization (CSO), Grassroots Organization (GO), Social Movement Organization (SMO), Private Voluntary Organization (PVO), Self-Help organization (SHO) and Non-State Actors (NSAs).

Governmental related organizations / non-governmental organizations are a heterogeneous group. As a result, a long list of additional acronyms has developed, including:

1. BINGO: 'Business-friendly international NGO' or 'Big international NGO'

2. SBO: 'Social Benefit Organization,' a positive, goal-oriented designation as an substitute for the negative, "Non-" designations

3. TANGO: 'Technical assistance NGO'
4. TSO: 'Third-sector organization'
5. GONGO: 'Government-operated NGOs' (set up by governments to look like NGOs in order to qualify for outside aid or promote the interests of government)
6. DONGO: 'Donor organized NGO'
7. INGO: 'International NGO'
8. QUANGO: 'Quasi-autonomous NGO,' such as the International Organization for Standardization (ISO). (The ISO is actually not purely an NGO, since its membership is by nation, and each nation is represented by what the ISO Council determines to be the 'most broadly representative' standardization body of a nation. That body might itself be a nongovernmental organization; for example, the United States is represented in ISO by the, which is American National Standard Institute independent of the federal government. However, other countries can be represented by national governmental agencies; this is the trend in Europe.)
9. National NGO: A non-governmental organization that exists only in one country. This term is rare due to the globalization of non-governmental organizations, which causes an NGO to exist in more than one country.
10. CSO: 'Civil Society Organization'
11. ENGO: 'Environmental NGO,' such as Greenpeace and WWF
12. NNGO: 'Northern NGO'
13. PANGO: 'Party NGO,' set up by parties and disguised as NGOs to serve their political matters.
14. SNGO: 'Southern NGO'

15. SCO: 'Social change organization'

16. TNGO: 'Transnational NGO.' The term emerged during the 1970s due to the increase of environmental and economic issues in the global community. TNGO includes non-governmental organizations that are not confined to only one country, but exist in two or more countries.

17. GSO: Grassroots Support Organization

18. MANGO: 'Market advocacy NGO'

19. NGDO: 'Non-governmental development organization

2.2. AIESEC

AIESEC is an international non-governmental not-for-profit organization that provides young people with leadership development and cross-cultural global internship and volunteer exchange experiences across the globe, with a focus to empower young people so they can make a positive impact on society. The AIESEC network includes over 100,000 members in 125 countries and territories. It is the largest youth-run organization in the world.

AIESEC is a non-governmental organization in consultative status with the United Nations Economic and Social Council (ECOSOC), is affiliated with the UN DPI and UN's Office of the Secretary-General's Envoy on Youth, member of ICYMO, and is recognized by UNESCO. AIESEC's international headquarters are in Rotterdam, Netherlands.

AIESEC is a global youth network that aims to impact the world through leadership development experiences. It envisions "Peace and fulfillment of humankind's potential," by developing globally-minded leaders that live by its six core values:

Activating Leadership, Demonstrating Integrity, Living Diversity, Enjoying Participation, Striving for Excellence, and Acting Sustainably.

The idea behind AIESEC started in the 1938, when representatives from schools across Europe exchanged information about various programs and schools that specialized in business and economics. Students were carrying out internships in other countries, but mostly on their own initiative, and it all came to a standstill with the onslaught of World War II.

In 1944, the neutral Scandinavian countries were still exchanging students. In Stockholm, Bertil Hedberg, an official at the Stockholm School of Economics, and students Jaroslav Zich (of Czechoslovakia), Jean Choplin (of France) and Stanislas Callens (of Belgium) founded AIESEC. This was the predecessor of AIESEC, which was officially founded in 1948. At the time, the organization's stated mission was “to expand the understanding of a nation by expanding the understanding of the individuals, changing the world one person at a time.”

At the time of AIESEC's founding at the conclusion of the 1940s, Europe was in the midst of recovery from the war that dealt grave losses to its population. Factories and enterprises were in desperate need of executives, managers and leaders. The continent needed more than just business development, however; the war had severely damaged relations between European nations, and many members of the community felt steps needed to be taken to address this problem.

AIESEC was formed to address both of these concerns. Students from seven nations: Belgium, Denmark, Finland, France, Netherlands, Norway and Sweden came together in March 1949 for the first International Congress of AIESEC in Stockholm. The founders composed a constitution for the new organization and defined a purpose: "AIESEC is an independent, non-political, and international organization which has as its purpose to establish and promote the friendly relations between the members."

In the first year of AIESEC's existence, 89 students were exchanged among the member nations.

The organization grew exponentially in the following years, with more than 1,000 exchanges took place in 1955 alone, the same year that Israel became the first non-European member. In the following few years, AIESEC quickly became global by establishing its first North American member, the United States, in 1957, and its first South American and African members, Colombia, Venezuela, and South Africa in 1958.

For the first years of its existence, AIESEC had no central governing body, but was instead managed jointly by a Presiding Country Committee composed of the National Committee Presidents of each member nation. As the organization grew, a central governing body was created and led by democratically-elected Secretary General. Morris Wolff, from the United States, was chosen as the first Secretary General in 1960, and established the first permanent international office for AIESEC in Geneva, Switzerland. Over the following decade, AIESEC expanded to eastern Asia, Australia, and deeper within Europe, Africa, North America, and South America, having a presence in 43 countries by 1969.

As of 2014, AIESEC has since expanded to 125 countries and territories across the globe. AIESEC annually offers over 27,500 leadership positions and delivers over 500 leadership conferences to its membership of over 100,000 students. It is present in over 2,400 universities in its 125 member countries and territories across the globe and its international exchange program that enables over 27,500 students and recent graduates the opportunity to work or volunteer in another country. AIESEC is supported by over 8,000 partner organizations

2.3. Funding

"Funding" is the act of providing financial resources, usually in the form of money to finance a need, program, and project, usually by an organization or government. Generally, this word is used when a firm uses its internal reserves to satisfy its necessity for cash, while the term 'financing ' is used when the firms acquires capital from external sources.

Sources of funding include credit, venture capital, donations, grants, savings, subsidies, and taxes. Funding such as donations, subsidies, and grants that have no direct requirement for return of investment are described as "soft funding" or "crowdfunding". Funding that facilitates the exchange of equity ownership in a company for capital investment via an online funding portal as per the Jumpstart Our Business Startups Act (alternately, the "JOBS Act of 2012") (U.S.) is known as equity crowdfunding.

Funds can be allocated for either short-term or long-term purposes.

2.3.1. Economics

In economics funds are injected into the market as capital by lenders and taken as loans by borrowers. There are two ways in which the capital can end up at the borrower. The lender can lend the capital to a financial intermediary against interest. These financial intermediaries then reinvest the money against a higher rate. The use of financial intermediaries to finance operations is called indirect finance. Lender can also go the financial markets to directly lend to a borrower. This method is called direct finance

2.3.2. Purpose of Funding

1. **Research funding**

   It is used for research, in fields of technology or social science. Research funding can split into commercial and non-commercial. Research and development departments of a corporation normally provide commercial research funding. Whereas, non-commercial research funding are obtained from charities, research councils, or government agencies. Organizations that require such funding normally have to go through competitive selections. Only those that have the most potential would be chosen.

2. **Launch a business**

   Entrepreneurs with a business concept would want to accumulate all the necessary resources including capitals to venture into a market. Funding is part of the process, as some businesses would require large start-up sums that individuals would not have. These start-up funds are essential to kick start a business idea, without it, entrepreneurs would not have the ability to carry out their concepts in the business world.

3. **Uses on investment**

   Fund management companies gather pools of money from many investors and use them to purchases securities. These funds are managed by professional investment managers, which may generate higher returns with reduced risks by asset diversification. The size of these funds could be a little as a few millions or as much as multibillions. The purpose of these funding activities is mainly aiming to pursue individual or organization profits

2.3.3. Methods of Funding

1. **Government Grants**

   Government could allocate funds itself or through government agencies to projects that benefits the public through selection process to students or researchers and even organizations. At least two external peer-reviewers and internal research award committee review each application. The research awards committee would meet some time to discuss shortlisted applications. A further shortlist and ranking is made. Projects are funded and applicants are informed.

2. **Crowdfunding**

   Crowdfunding exists in mainly two types, reward-based crowdfunding and equity-based crowdfunding. In the former, small firms could pre-sell a product or service to start a business whereas in the latter, backers buys certain amount of shares of a firm in exchange of money. As for reward-based crowdfunding, project creators would set a funding target and deadline. Anyone who is interested can pledge on the projects. Projects must reach its targeted amount in order for it to be carried out. Once the projects ended with enough funds, projects creators would have to make sure that they fulfill their promises by the intended timeline and delivery their products or services.

3. **Raised from investors**

   To raise capital, you require them from investors who are interested in the investments. You have to present those investors with high-return projects. By displaying high-level potentials of the projects, investors would be more attracted to put their money into those projects. After certain amount of time, usually in a year's time, rewards of the investment will be shared with investors. This makes investors happy and they may continue to invest further. If returns do not meet the intended level, this could reduce the willingness of investors to invest their money into the funds. Hence, the amounts of financial incentives are highly weighted determinants to keep the funding remain at a desirable level.

2.4 Donation

A donation is a gift given by physical or legal persons, typically for charitable purposes and/or to benefit a cause. A donation may take various forms, including cash offering, services, new or used goods including clothing, toys, food, and vehicles. It also may consist of emergency, relief or humanitarian aid items, development aid support, and can also relate to medical care needs as i.e. blood or organs for transplant. Charitable gifts of goods or services are also called gifts in kind.

In the United States, in 2007, the Bureau of Labor Statistics found that American households in the lowest fifth in terms of wealth gave on average a higher percentage of their incomes to charitable organizations than those households in the highest fifth. Charity Navigator writes that, according to Giving USA, Americans gave $298.42 billion in 2011 (about 2% of GDP). The majority of donations were from individuals (73%), then from bequests (about 12%), foundations (1.8%) and less than 1% from corporations. The largest sector to receive donations was religious organizations (32%), then education (13%). Giving has increased in 3 out of 4 years since 1971 (with the occasional declines occurring around recession years).

Blackbaud reports that, in the US, online giving in 2012 grew 10.7% on a year-over-year basis. The percentage of total fundraising that comes from online giving was about 7% in 2012. This was an increase from 6.3% in 2011 and is nearing the record level of 7.6% from 2010 when online giving spiked in response to Haitian earthquake relief efforts. Steve MacLaughlin notes in the report that "the Internet has now become the first-response channel of choice for donors during disasters and other emergency events."

Donations are given without return consideration. This lack of return consideration means that, in common law, an agreement to make a donation is an "imperfect contract void for want of consideration." Only when the donation is actually made does it acquire legal status as a transfer or property. In civil law jurisdictions, on the contrary, donations are valid contracts, though they may require some extra formalities, such as being done in writing.

In politics, the law of some countries may prohibit or restrict the extent to which politicians may accept gifts or donations of large sums of money, especially from business or lobby groups (see campaign finance). Donations of money or property to qualifying charitable organizations are also usually tax deductible. Because this reduces the state's tax income, calls have been raised that the state (and the public in general) should pay more attention towards ensuring that charities actually use this 'tax money' in suitable ways.

There have been discussions on whether also a donation of time should be tax deductible.

In countries where there are limits imposed on the freedom of disposition of the testator, there are usually similar limits on donations.

The person or institution giving a gift is called the donor, and the person or institution getting the gift is called the donee.

In India, donations for charitable purposes are eligible for tax exemptions

It is possible to donate in the name of a third party, making a gift in honor or in memory of someone or something. Gifts in honor or memory of a third party are made for various reasons, such as holiday gifts, wedding gifts, in memory of somebody who has died, in memory of pets or in the name of groups or associations no longer exists. Memorial gifts are sometimes requested by their survivors (e.g. "in lieu of flowers, contributions may be made to ABC Charity"), usually directing donations to a charitable organization for which the deceased was a donor or volunteer, or for a cause befitting the deceased's priorities in life or manner of death.

Memorial donations are also sometimes given by people if they cannot go to the ceremonies.

2.5 Investment

Investment is time, energy, or matter spent in the hope of future benefits actualized within a specified date or time frame. Investment has different meanings in economics and finance.

In economics, investment is the accumulation of newly produced physical entities, such as factories, machinery, houses, and goods inventories.

In finance, investment is buying or creating an asset with the expectation of capital appreciation, dividends (profit), interest earnings, rents or some combination of these returns. This may or may not be backed by research and analysis. Most or all forms of investment involve some form of risk, such as investment in equities, property, and even fixed interest securities which are subject, among other things, to inflation risk. It is indispensable for project investors to identify and manage the risks related to the investment.

2.5.1 In Macro Economics

In macroeconomics, non-residential fixed investment is the amount purchased per unit time of goods which are not consumed but are to be used for future production (i.e. capital). Examples include railroad or factory construction. Investment in human capital includes costs of additional schooling or on-the-job training. Inventory investment is the accumulation of goods inventories; it can be positive or negative, and it can be intended or unintended. In measures of national income and output, "gross investment" (represented by the variable I) is a component of gross domestic product (GDP), given in the formula GDP = $C + I + G + NX$, where C is consumption, G is government spending, and NX is net exports, given by the difference between the exports and imports, $X - M$. Thus investment is everything that remains of total expenditure after consumption, government spending, and net exports are subtracted (i.e. $I = \text{GDP} - C - G - NX$).

Non-residential fixed investment (such as new factories) and residential investment (new houses) combine with inventory investment to make up *I*. "Net investment" deducts depreciation from gross investment. Net fixed investment is the value of the net increase in the capital stock per year.

Fixed investment, as expenditure over a period of time (e.g., "per year"), is not capital but rather leads to changes in the amount of capital. The time dimension of investment makes it a *flow*. By contrast, capital is a *stock*—that is, accumulated net investment *to a point* in time (such as December 31).

Investment is often modeled as a function of income and interest rates, given by the relation $I = f(Y, r)$. An increase in income encourages higher investment, whereas a higher interest rate may discourage investment as it becomes more costly to borrow money. Even if a firm chooses to use its own funds in an investment, the interest rate represents an opportunity cost of investing those funds rather than lending out that amount of money for interest.

2.5.2 In Finance

In finance, investment is the purchase of an asset or item with the hope that it will generate income or appreciate in the future and be sold at the higher price. It generally does not include deposits with a bank or similar institution. The term investment is usually used when referring to a long-term outlook. This is the opposite of trading or speculation, which are short-term practices involving a much higher degree of risk. Financial assets take many forms and can range from the ultra safe low return government bonds to much higher risk higher reward international stocks. A good investment strategy will diversify the portfolio according to the specified needs.

The most famous and successful investor of all time is Warren Buffett. In March 2013 *Forbes* magazine had Warren Buffett ranked as number 2 in their Forbes 400 list. Buffett has advised in numerous articles and interviews that a good investment strategy is long term and choosing the right assets to invest in requires due diligence. Edward O. Thorp was a very successful hedge fund manager in the 1970s and 1980s that spoke of a similar approach. Another thing they both have in common is a similar approach to managing investment money. No matter how successful the fundamental pick is, without a proper money management strategy, full potential of the asset cannot be reached. Both investors have been shown to use principles from the Kelly criterion for money management. Numerous interactive calculators which use the Kelly criterion can be found online.

In contrast, dollar (or pound etc.) cost averaging and market timing are phrases often used in marketing of collective investments and can be said to be associated with speculation.

Investments are often made indirectly through intermediaries, such as pension funds, banks, brokers, and insurance companies. These institutions may pool money received from a large number of individuals into funds such as investment trusts, unit trusts, SICAVs etc. to make large scale investments. Each individual investor then has an indirect or direct claim on the assets purchased, subject to charges levied by the intermediary, which may be large and varied. It generally, does not include deposits with a bank or similar institution. Investment usually involves diversification of assets in order to avoid unnecessary and unproductive risk.

2.5.3 Value Investment

Business revolves around the factor of investing; financially, time, in the future and successful investors will generally focus on certain fundamental metrics for their gains. A value investor is aware that when considering the health of a company, the fundamentals associated with it, are a highly influencing factor. They include aspects related to financial and operational data, preferred by some of the most successful investors; for example, Warren Buffett and George Soros. The financial details, such as, earnings per share and sales growth, are essential aids for an investor in determining stocks trading below their worth.

The price to earnings ratio (P/E), or earnings multiple, is a particularly significant and recognized fundamental ratio, with a function of dividing the share price of stock, by its earnings per share. This will provide the value representing the sum investors are prepared to expend for each dollar of company earnings. This ratio is an important aspect, due to its capacity as measurement for the comparison of valuations of various companies. A stock with a lower P/E ratio will cost less per share, than one with a higher P/E, taking into account the same level of financial performance; therefore, it essentially means a low P/E is the preferred option.

An instance, in which the price to earnings ratio has a lesser significance, is when companies in different industries are compared. An example; although, it is reasonable for a telecommunications stock to show a P/E in the low teens; in the case of hi-tech stock, a P/E in the 40s range, is not unusual. When making comparisons the P/E ratio can give you a refined view of a particular stock valuation.

For investors paying for each dollar of a company's earnings, the P/E ratio is a significant indicator, but the price-to-book ratio (P/B) is also a reliable indication of how much investors are willing to spend on each dollar of company assets. In the process of the P/B ratio, the share price of a stock is divided by its net assets; any intangibles, such as goodwill, are not taken into account. It is a crucial factor of the price-to-book ratio, due to it indicating the actual payment for tangible assets and not the more difficult valuation, of intangibles. Accordingly, the P/B could be considered a comparatively, conservative metric.

CHAPTER III
METHODOLOGY

3.1. Research Method

Qualitative research seeks out the 'why' and the 'how' of its topic through the analysis of unstructured information (Yin, 1994) – things like interview transcripts and recordings, emails, notes, feedback forms, photos and videos. The qualitative research does not only rely on statistics or numbers, which are the domain of quantitative researchers. Yin (1994) also depicts that the qualitative method is used to gain insight into attitudes, behavior, motivation culture or lifestyles. Focus groups, in-depth interviews, content analysis and semiotics are among the many formal approaches that are used.

The purpose of qualitative research is to delineate some of the essential qualities of complex social phenomena. Many concepts in organizational theory, such as learning, replicating routines, power, authority, dynamic capabilities, or chaos, involve intricate webs of causes, effects, processes, and dynamics, they are about qualities. Qualitative research is based on the principle that social life is inherently complex, which means that organizational issues are inextricably bound up in ongoing social action among people in the situation (Geertz, 1973). The strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue. It provides information about the "human" side of an issue that is, the often contradictory behaviors, beliefs, opinions, emotions, and relationships of individuals. In Qualitative research there are seven primary ways to gather the qualitative data such as interviewing, focus groups, ethnography, sociometry, unobtrusive measures, historiography, and case studies. Qualitative methods are also effective in identifying intangible factors, such as social norms, socioeconomic status, gender roles, ethnicity, and religion, whose role in the research.

3.1.1. Case Study

A case study is a research approach that is used to generate an in-depth, multi faceted understanding of a complex issue in its real-life context. It is an established research design that is used extensively in a wide variety of disciplines, particularly in the social sciences (Ann Robertson, 2011).A case study can be defined in a variety of ways, the central tenet being the need to explore an event or phenomenon in depth and in its natural context (Sarah Crowe, 2011)

According to Guro Huby (2011) the case study approach is particularly useful to employ when there is a need to obtain an in-depth appreciation of an issue, event or phenomenon of interest, in its inatural real-life context.

According to Yin (1994) and Winston (1997), there are several appropriate designs for case studies: exploratory, explanatory, and descriptive. Exploratory research is defined as the initial research into a hypothetical or theoretical idea. Explanatory research implies that the research in question is intended to explain, rather than simply to describe, the phenomena studied. Descriptive research is used to describe characteristics of a population or phenomenon being studied. In this research, the researcher uses the exploratory case study. This is where a researcher has an idea or has observed something and seeks to understand more about it. Exploratory Case studies are very helpful when conducting a complex and multi sight study. The researcher uses a case study of AIESEC President University

3.1.2. Triangulation

Qualitative research use triangulation among the data sources to progress research accuracy. Triangulation is the strengthen process of data from different individuals (such lecturer and student), the type of data (such as field observation, interview) in description and themes in qualitative research. In this research, the researcher experiments every single information, facts, and finding to support a theme. It is guarantee that the conducted study is exact because the information comes from different sources, individual, or process. In this study, the researcher pressed on to develop an accurate and credible report. According to Berg (2009) by combining several lines of sight, the researcher obtain a better, more substantive picture of reality; a richer, more complete array of symbols and theoretical concepts; and a means of verifying many of these elements. The use of multiple lines of sights is called triangulation. In this research, the researcher uses the secondary data, interview, and field work as the data triangulation.

Here the researcher used three data to be use as the triangulation. First is the data from the interview result from Arie Dia Fauzan and Giovani Septio. Second is the data gathered from the observation that the researcher did in the AIESEC President University office for few days. The last is the data about the financial report that the researcher get from Rendy Muhammad. The researcher than used those three data in the triangulation to analyze and make a conclusion about the financial strategy in AIESEC President University.

2.5 Research Framework

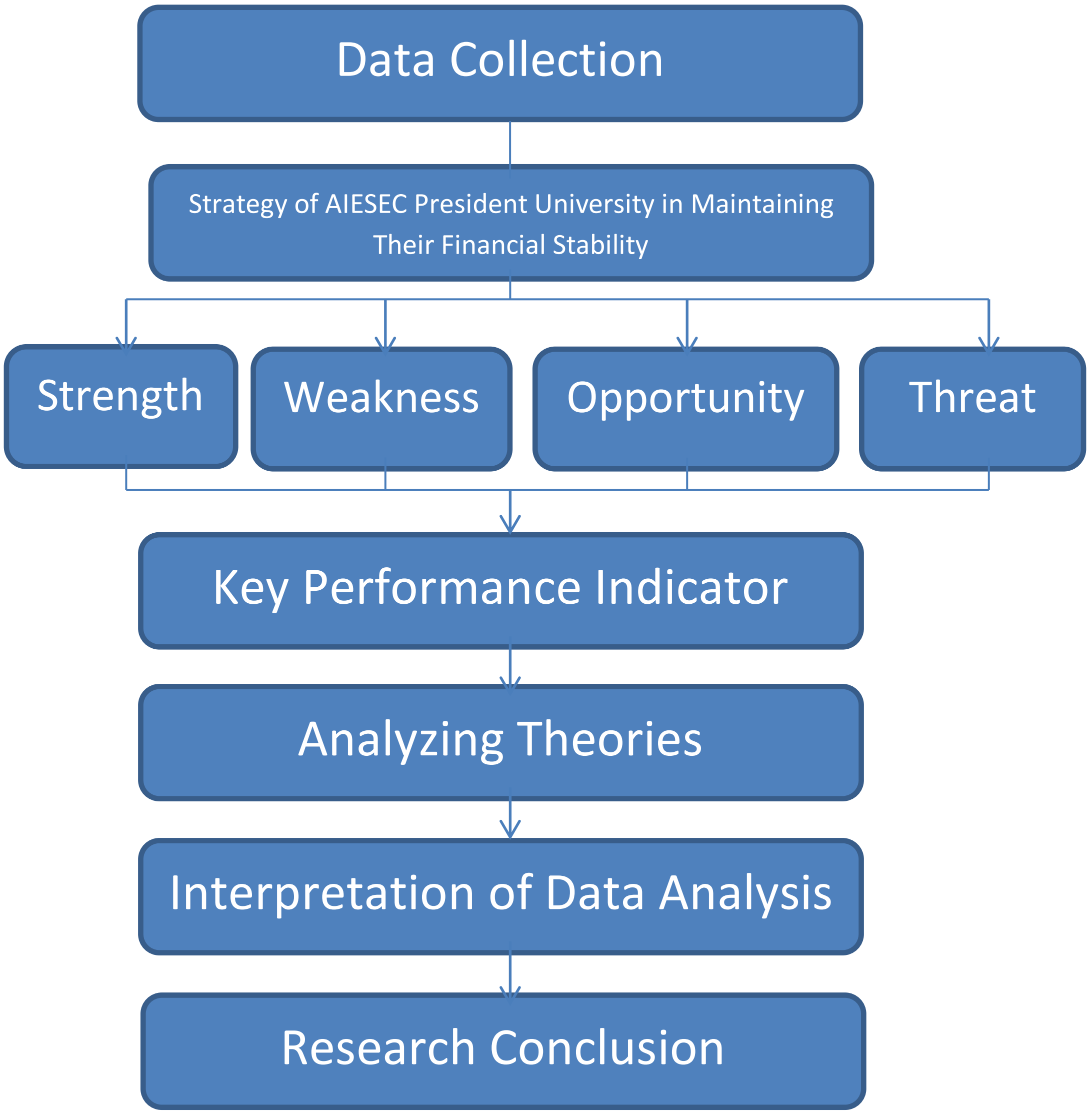

Figure 3.1 Research Framework
Source: Researcher's Development

3.3. Data Analysis

In this research the researcher apply the **Miles and Huberman model** in gather the data analysis, according to Miles and Huberman (1994) there are 3 types of activities in qualitative data analysis; Data Reduction, Data Display/ Data Model, and Conclusion Verification.

3.3.1. Data Reduction

The meaning of data reduction is refers to the process of selecting, focusing, simplifying, and transforming raw data that were collected in data collection process, not only do the data need to be condensed for the sake of manageability, they also have to be transformed so they can be made intelligible in terms of the issues being addressed. By using this types, we have to try and discard all irrelevant information, but do ensure that you have access to it later if required, as unexpected findings may need you to re-examine some data previously considered unnecessary.

There are several way to transform pages of textual data into something that more manageable such as make a summary, coding, classification, grouping, separation, writing memo, etc. Since we know that we have to make the research clear so we need to use data reduction. Qualitative data can be condensed in many ways such as smooth selection, summary, and also paraphrasing. The data reduction process is constantly happen until final report is finished. Another function of data reduction is forms of data analysis aiming in choose, focus, and construct the data so the final conclusion can be described well.

3.3.2. Model Data (Data Display)

After data reduction, the second activity in data analysis called model data or data display. Data display is refers to computer output of data to a user, and assimilation of information from such outputs. Some kind of display output is needed for all information handling tasks. Data display is particularly critical in monitoring and control tasks. Data may be output on electronic displays, or hardcopy printouts, or other auxiliary displays and signaling devices including voice output, which may alert users to unusual conditions. By seeing a display, it really facilitates us to understand what is happening and do a further analysis or perform based on this understanding. Data display goes a step beyond data reduction to provide an organized, compressed assembly of information that permits conclusion drawing. A display can be an extended piece of text or a diagram, chart, or matrix that provides a new way of arranging and thinking about the more textually embedded data.

There are several strategies of data display, it depends on your questions and your preference, the common strategies include Flow charts (mapping out critical processes and decisions) and Data matrix (Examining patterns and relationships). Actually the whole thing is planned to create information in a good arrangement which can be accessed straight, in practical way, so the researcher could see what is happening and can explain the conclusion that has been acceptable or move about to the next stage of analysis.

3.3.3. Conclusion and Making Verification

The third step of analysis data activity called conclusion making and verification. In here the researcher learns that your analysis should allow beginning and developing conclusions regarding the study. These initial conclusions can then be verified, that is their validity examined through reference to your existing field notes or further data collection. The final conclusion may not be found until the data collection finish, it depends on the capacity of coding, field data, researcher experience, but once again conclusion regularly describe at the beginning, when a researcher fixed that he already do the process inductively. So we have to be done step by step to get a conclusion itself.

Conclusion is important because they leave an impression. Since the conclusion is the last thing that audience reads, it may leave the most lasting impression. The kind of conclusion will vary fit with the overall picture and purpose of your research, but all effective conclusions should make readers glad that they read your research. You may have been taught that the purpose of a conclusion is to summarize all the points you have developed. In making conclusion we need to eliminate using the interesting story without any truth and purpose.

After we already served up the 3 stages – data reduction, model data, and conclusion making/ verification conclusion, below the figure of the three stages:

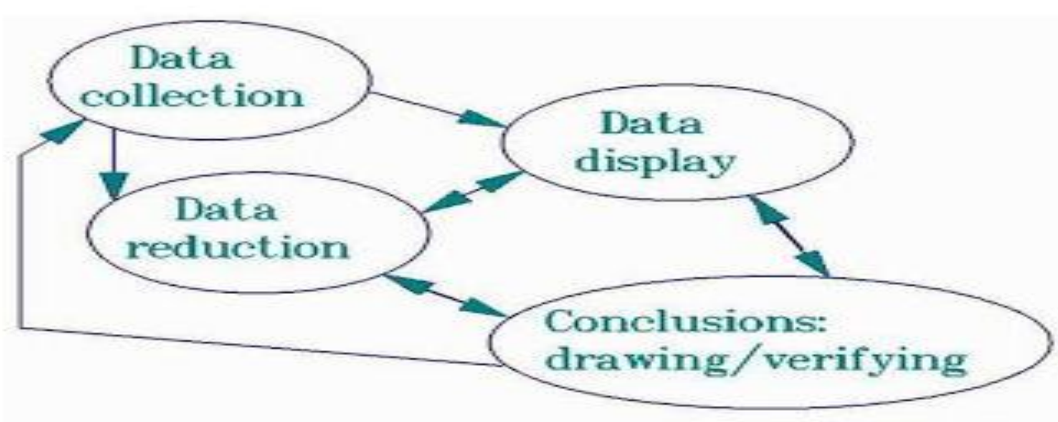

Figure 3.2 M&H's Component of Analysis Data
Source: Qualitative Data Analysis Book (Miles and Huberman, 1994)

In this review, the three analysis activities and data collection activity is outlining an interactive cycle process. The researcher surely move between this 4 model during data collection process, then move shuffled through between data reduction, model, and conclusion making and verification for the rest of its study.

3.3.4. SWOT Analysis

SWOT analysis is an analytical method is used to identify and categories significant internal factors (strength and weakness) and external factors (opportunity and threats) faced either in particular arena such as an organization, or a territory.). In here once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results. Strategic logic requires that the pattern of actions to be taken should match with strength and opportunities ward off threats and seek to overcome weakness. This approach is appropriate to improve the competitiveness of a company, or a territory. (Hunger &Wesley, 1998)

3.4. Research Instrument

For the research instrument, article, journal, literature review, newspaper, interview, were used as researcher tools to collect the data. For the literature review such as theories were gathered by review books and literature from the internet, e- book which download from several sources, *Adam Kurniawan Library*, journal, articles are collected for supporting the description of research problem. And interview is done to gain the better understanding on the related research problem. In here the researcher interviewed several people expert in their position related to the research problem. The researcher used primary data which is interview and field work study by going to the office, store, and distribution center.

3.5. Data Collection Technique

The researcher uses two main data collection. First, the primary data is from the interviews and second, field work study gives supporting information in order to fulfill the gap from the interviews in this research. Both data collection methods are explained below.

3.5.1 Primary Data

The researcher use interviews as a primary source of data. Why interview? This question may seem surprising, however the majority of published qualitative research articles use interviews and moreover compared to other methods, interviews are relatively economical in terms of time and resources (Sliverman, 2007). Saunders, Lewis and Thornhill (2007), present the definitions of three types of interview as;

1. Structured interview: Data collection technique in which an interviewer physically meets the respondent, reads them the same set of questions in a predetermined order, and records his or her response to each.
2. Semi-structured interview: Wide-ranging category of interview in which the interviewer commences with a set of interview themes but is prepared to vary the order in which questions are asked and to ask new questions in the context of the research situation.
3. Unstructured interview: Loosely structured and informally conducted interview that may commence with one or more themes to explore with participants but without a predetermined list of questions to work through.

The authors apply a structured interview. The researcher did interview by meet the respondent at the office of AIESEC President University.

3.5.2 Field Work

The researcher did the field work several times in AIESEC President University main office in Jababeka. The purpose of the field work is to gain a data to help the researcher do the research and get a specific and valid result. The researcher got many things that are support this study and help the researcher finish the study.

CHAPTER IV
ANALYSIS OF DATA

4.1 Company Profile

AIESEC is an international non-profit organization that provides young people with leadership opportunities to develop themselves into global leaders with an urge to make a difference in society. Members come from variety of college majors, not necessarily from an area related to economic or commercial sciences. As of January 2014, the AIESEC network includes over 100,000 members in 124 countries and territories. It is the largest student-run organization in the world.

AIESEC President University it self is a newly founded organization in President University, it was founded on 2010, just around 4 years ago. The reason behind the this was to broad the connection of the students of President University and also build a new connection and partnership with many other students and University around the globe since President University it self is an International University.

Since the day AIESEC was founded in President University, AISEC attract many of the students to join it. Because AIESEC offers not only new friends and connection but also unforgettable experience and knowledge and maybe even opportunities to continue the study overseas and also working overseas as well. That is why this organization is having many members.

Student exchange is also one of the reasons why many of the students wanted to join AIESEC. AIESEC President University it self already did so many student exchange either bring students from foreign countries to stay here or the students of President University to go and stay in foreign countries. This opportunity makes many students exited in joining AIESEC, because the students wants to experience how it feel to live overseas and meet new people and get a brand new experience that maybe can only be get by living overseas or foreign countries.

AIESEC President University was also joining in several international events by sending some students of President University to join that event.

To researcher's mind, it was unbelievable since this organization is still young and not get too much attention from the University it self. But even though with all those downside, this organization prove that they can grow and develop and rapidly developed into one of the most valuable organization for President University and maybe the only one that can brings the name of President University and introduce President University to the world.

4.1.1 Vision, Mission, and Core Values

1. Vision

AIESEC is the world's largest youth-led network creating positive impact through personal development and personal shared experiences.

AIESEC vision is *"peace and the fulfillment of humankind's potential."*

"It is every young person's responsibility to take a positive role shaping the future of our planet. We believe every young person deserve the chance, and tools, to fulfill their potential.

We provide young people with self-driven, practical, global experiences. We enable them to see the world, make a real difference and discover what truly matters to them."

2. Mission

AIESEC mission is "*develop leaders and activate leadership".*

The organization rises youth that have will and opportunity to make a change in society. It's the international platform for young people to discover and develop their potential.

3. Core Values

By providing every member of AIESEC a set core of values that AIESEC live by everyday, AIESEC are able to develop the leadership potential of young people by engaging them early-on with a values-based environment that shaped their behaviors. AIESEC enable young people to build a strong foundation of core values as they develop into responsible and entrepreneurial young leaders. Enable them to be empowered to carry these AIESEC values throughout their lives in making more responsible decisions that will positively impact the world.

The Six Core AIESEC Values:

a. Striving for Excellence – We aim to deliver the highest quality performance in everything we do. Through creativity and innovation we seek to continuously improve.
b. Demonstrating Integrity – We are consistent and transparent in our decisions and actions. We fulfill our commitments and conduct ourselves in a way that is true to our vision.
c. Activating Leadership – We lead by example and inspire leadership through action and results, taking full responsibility for developing others.

d. Acting Sustainability – We act in a way that is sustainable for our organization and society. Our decisions take into account needs of future generations.
e. Enjoying Participation – We create dynamic and welcoming environments which stimulate active and enthusiastic participation by our members.
f. Living Diversity – We seek to learn from the different ways of life and opinions represented in our multicultural environment. We respect and actively encourage the contribution of every individual.

4.2. Data Analysis

4.2.1. Interview Result

The researcher did some interview with several persons that are in charge in AIESEC President University and they are Arie Dia Fauzan, Giovani Septio, Rendy Muhammad, Zharfan Muhammad and Andhita Zerlina. After the interview, the researcher found some points that are important to this study and even answer the question that is making the researcher make this study.

4.2.2. AIESEC Main Funding

The researcher asked about this to Arie Dia Fauzan, Arie was the President of AIESEC in President University. He held this position for two periods, 2012-2013 and 2013-2014. Because of this reason the researcher sure that Arie is the right person to be interviewed. The researcher did the interview in Adam Kurniawan Library in President University. The interview was last for only about 15 minutes since he is very understands about this and he gave the researcher a clear explanation about all the things that the researcher's asked.

Arie explained that AIESEC can get the money from doing exchange, both student exchange and member exchange to do an intern. The student who wants to be a part of the exchange program had to pay several amounts of money to AIESEC as an administration fee. Then the money that is received will be putted in the AIESEC bank account.

There are several steps before AIESEC gets a candidate to join as an exchange students, below is the diagram that shows the steps that AIESEC will do before choosing the candidate and also the explanations:

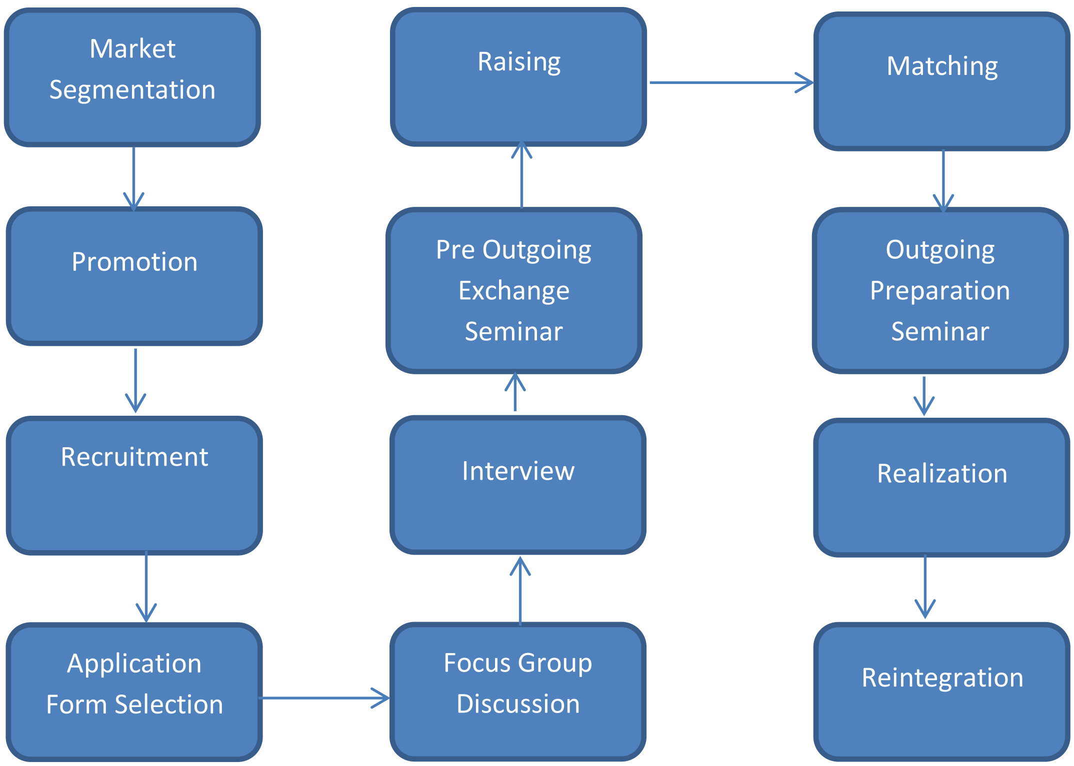

Figure 4.1 Finding a Candidate Diagram

Source: AIESEC SOP

1. Market Segmentation

   Outgoing Exchange Global Community Development Program Team members conduct the following researches in the beginning of each season which is summer (July-August) and winter (December).

a. Internal research shall recognize as Official Expansion President University Outgoing Exchange Global Community Development Research such as:
    1) Pre Exchange Questionnaire Analysis
    2) Post Exchange Questionnaire Analysis
b. External research shall recognize as Official Expansion President University market and traineeship nominee supply analysis such as:
    1) Traineeship nominee research
    2) Student's availability and budget research

2. Promotion

   Outgoing Exchange Global Community Development Program Team must create and maintain the promotional tools for promotion activities such as:
   a. Online Promotion
   b. Offline Promotion
      1) Posters and Banners
      2) Booth
      3) Info Session
      4) Exchange Booklet
3. Vice President of Outgoing Exchange Global Community Development Program is responsible for supervising and tracking all selection applicants and results.
4. Pre Outgoing Exchange Seminar (Pre-OPS)
   a. Pre-OPS must be held by OEGCD functional, in collaboration with the Talent Management and Communication maximum within 8 days after Exchange Participant announcement.
   b. Pre-OPS can be held massively or in private if the EP is not able to attend the main Pre-OPS
   c. Pre-OPS material requires basic AIESEC and exchange information such as AIESEC Way, AIESEC XP, and Exchange Flow.
   d. Expectation setting between EP and EP manager is written and agreed on the "Agreement of Expectation".

e. Vice President is entitled to check the Agreement of Expectation that was made by EP and EP manager.
f. EP and EP manager must implement all the points that are agreed and written on the Agreement of Expectation.
g. Contract signing must be attended by Vice President of OGX-GCDP and representative of finance or at least by the EP manager.
h. EP has to pay IDR 1,500,000 for the sign contract fee to AIESEC President University by cash or bank transfer.
i. GCDP EP contract valid starts from signing time until EP realization time.
j. EP manager must attend in the contract signing process to make sure that the EP us having a clear understanding about the program.
k. In terms of the EP is not able to be matched with the project within 4 months duration because of some reason, AIESEC cannot refund the signing contract fee.
l. GCDP EP contract can be extended as long as there is a confirmation from the EP with a valid reason.
m. EP must have done with all the Pre-OPS procedure before proceeding to the raising process
n. EP manager is responsible to update the EP tracker to record all the EPs who is already had the Pre-OPS and pay the sign contract fee.

4. Raising
    a. EP is obligated to pay the sign the contract fee before the EP form is created in myaiesec.net, an EP who hasn't pay the sign contract fee yet can't be raised on myaiesec.net.
    b. EP manager shall fill the EP form with the correct information from the EP that is written on student resume template of the EP's Global Community Development application form.

c. EP manager shall contact the director of OGC-GCDP with maximum 2 days after the form has been generated on myasiesec.net in order to change the status of EP into available.

5. Matching
   a. EP manager shall find a project that is suitable for the EPs
   b. EP manager is able to train the EPs to do the self-match system
   c. EP manager should give the correct information regarding to the EP's selection by the host local committee
   d. EP manager should give the EP Acceptance Note and other important letters regarding the EP's needs to go exchange.
   e. By the time EP status is changed into matched, the EP has to pay 1,000,000 IDR for the "matching fee" to AIESEC President University by cash or bank transfer.
   f. EP manager is responsible to update these activities to the EP tracker.
6. Preparation
   a. OGX GDCP team in collaboration with Communication and Talent Management must conduct an Outgoing Preparation Seminar (OPS) for all outgoing EPs at least 2 days before the departure date.
   b. EP manager must be present at OPS for his or her corresponding EP.
   c. EP can't be realized before attending OPS
7. Realization
   a. EP manager holds accountable for EP exact departure and return date, and is responsible during the EP's travel.
   b. EPM Director is responsible to report all results and improvement of processes to VP OGX-GCDP.
   c. EP manager is required to keep process of each EP.
8. Reintegration
   a. EP is entitled to receive a certificate from AIESEC only after they submitted the asked documents.

b. All of the documents must be submitted no latter than 2 weeks after the EP's return date to the home country.
c. The certificate must be printed and given to the EP at least 1 week after the document submission.
d. EP manager is responsible for the collection of the documents.
e. This process shall be recorded to OGX-GCDP EP tracker.

Furthermore, Arie explained that AIESEC President University usually got a request from some companies or courses to bring a foreign AIESEC member from AIESEC outside Indonesia to help the company as an intern or help the foreign language courses as a teacher. The company that is asked the help from AIESEC will give some money to AIESEC as service fee and the money will also be putted in the AIESEC bank account. This activity is called the Global Internship Program (GIP).

The GIP flow consists of 3 main parts, which are raising, matching, and realizing.

1. Raising

The raising part of the GIP process consists of sales preparation and selling.

a. Sales preparation includes internal and external analysis, targeting, and positioning strategy.
b. Selling is the process of marketing is about finding out the customer needs and finding a way to satisfy them through the GIP program, while clearly communicating the purpose and the objectives of the program.

2. Matching

The main point of the matching process is to make sure that the job description is match-able foe the intern and try to find the best candidate to join as an intern. The AIESEC will responsible to search and find and than interview all of the candidates to find the best candidates to join the program. After AIESEC finds a candidate, AIESEC will have to inform the company, tell them that AIESEC have several candidates that is suitable for the intern program if the company wants to do an interview either by phone or video call, AIESEC is responsible in making that happens, AIESEC will have to find the date and even facilitate the candidates if its needed.

3. Realizing

After the company have choose one candidate to be an EP, the EP manager is responsible in making the acceptance note and any other documents that is needed by the EP to do exchange, then after all the documents needed is fulfill, the candidate can go to the country where the company is at. While waiting for the documents to be fulfilled, AIESEC President University is responsible in finding a local host family for the intern to stay along with all the things that might be needed by the EPs. AIESEC President University is also responsible in picking up the EPs in the airport on the arrival date and brings the EPs to the host family.

AIESEC is also responsible to introduce the EP to the company. AIESEC team will also responsible in helping the EP to finish all the process needed in the immigration office along with all the documents that is needed. After all the process is completed and the EP is okay to work, the EP will start to work until the contract is finished.

4.2.3. AIESEC Strategy

According the interview did by the researcher, the researcher knows that AIESEC didn't have any secret strategy or special strategy to maintain their financial status. What they do is just a simple financial standard reporting. All activity that is using AIESEC's money needs to be reported in a financial report clearly and have to be checked by the person in charge or the treasurer. AIESEC have one division named Finance and Governance, this division will control all of the financial activities that

AIESEC has and will be done. AIESEC also have their own internal auditor to check if there is a fraud inside the organization or not.

Finance and Governance will have to ensure the LC's financial sustainability by checking all of the following:

1. Financial Report

   Financial report made by Accounting Manager monthly. Financial report it self consist of several things, such as:

   a. Balance Sheet
   b. Income Statement
   c. Profit and Loss Statement
   d. Budget Realization
   e. Budget Realization per Functional
   f. LC and Functional Analysis

2. Project Controlling

   Project controlling is used to control the event and project that will be held by AIESEC, any project or event that is unnecessary will not be approved so that AIESEC will not lose much money to held unnecessary event. Here are 5 stages in project controlling:

   a. Selection

      Controlling Manager has the right to access selection process in selecting OC Finance by Recruitment Manager. For example get the booklet or interview minutes for Recruitment Manager

   b. Education

      Controlling manager must educate the selected OC Finance. The education material already standardized.

   c. Preparation

Controlling Manager Assist OC finance to make budget. The “assist” word refers to educate how to budgeting, give advice, and reviewing before budget approve by LCVP Finance and Governance in first hearing.

d. Tracking

Controlling Manager has to track the process of project, physical or online meeting. The “tracking” must be distinguished from “updating information”. The true tracking activity is when the supervisor knows “how is the progress so far” and also evaluates “how far the progress with the one in the plan”. Every project must be tracked at least 3 times with MoM submitted to finance email.

e. Report

After the project closed, Controlling Manager has to collect the Project Report, Project Financial Report, and Project Documentation. The template is already standardized. The report submitted latest 30 days after project closing event to finance email. Any late submission charged Rp 50.000 per day. For the Project Financial Report and Documentation should be forwarded to Accounting Manager for the Project Audit process.

3. Petty Cash

In plain word petty cash means cash on hands that is needed to pay for an expense that is used by AIESEC but with a small value. The Petty Cash it self only keep by General Administrative Manager. Every transaction using the petty cash has to be recorded in the Cash Outflow Report and the receipt must be collected to Accounting Manager. The amount for petty cash every month is Rp 2.000.000 and the minimum is Rp 1.000.000 and if the cash is already below the minimum, the petty cash should be filled again until Rp 2.000.000,-.

4. Reimbursement

The Reimbursement forms must be submitted every 3rd date on every month. Any claim without receipt cannot be reimbursed. Below is the reimbursement flow diagram:

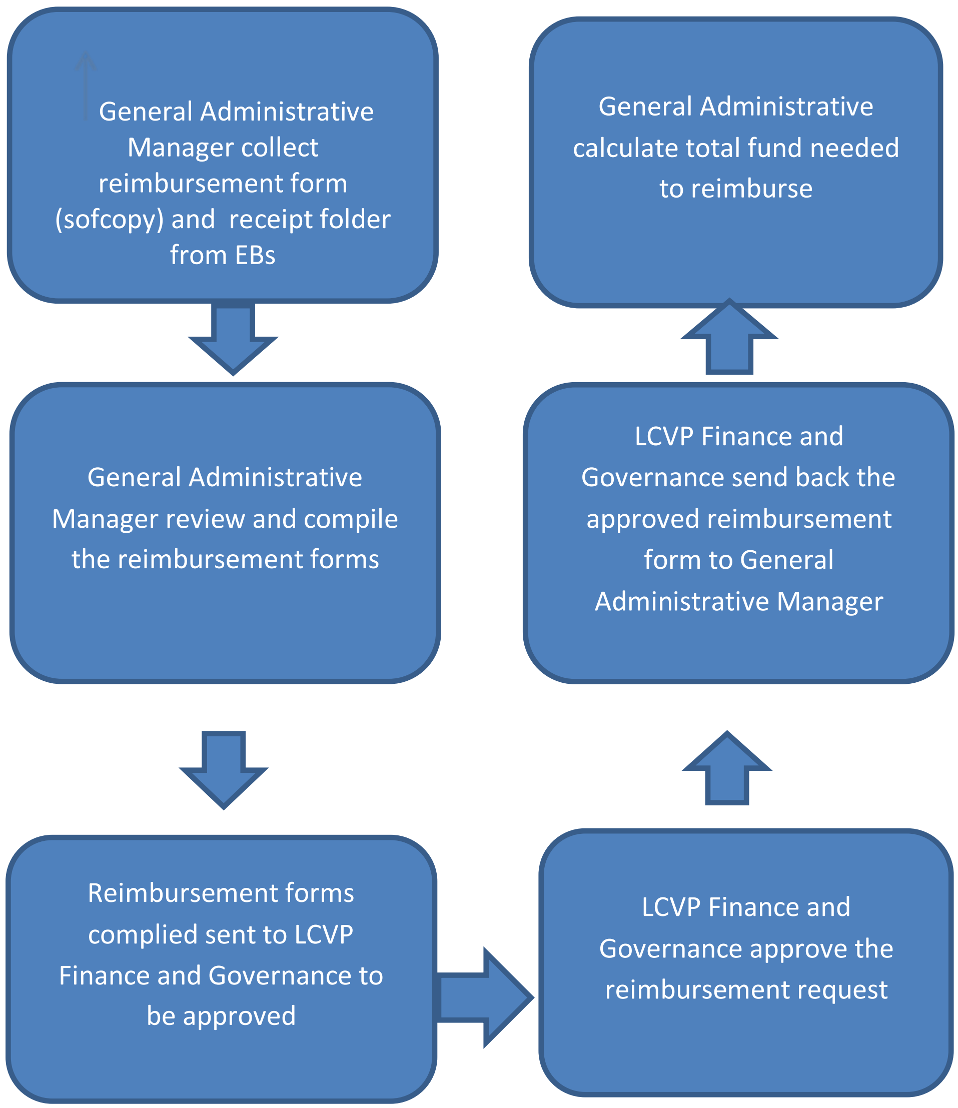

Figure 4.2 Reimbursement's Flow Chart
Source: AIESEC SOP

5. Cash Advance

Cash advance is a policy to avoid an over expended cash outflow. The way it works is when there is an expend or something that is have to be paid and it is more than the normal amount it will have to go through the approval from VP of Finance and the President of AIESEC President University. The minimum amount to be included in cash advance is Rp 2.000.000,-.

Below is the flow chart of cash advance:

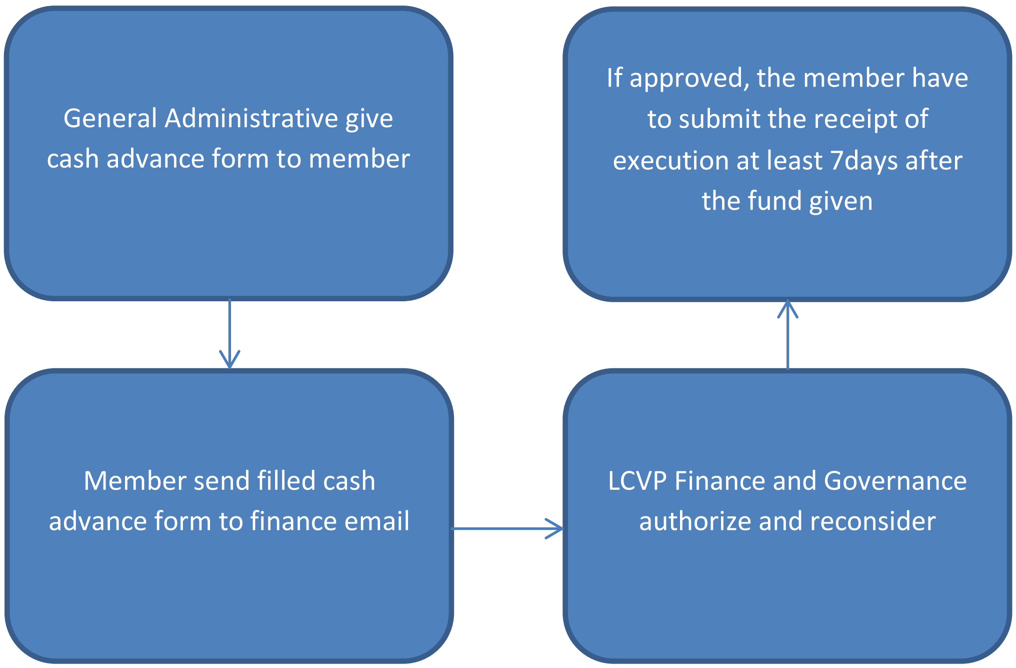

Figure 4.3 Cash Advance Flow Chart

Source: AIESEC SOP

4.3. SWOT Analysis

In this part, the researcher will explain and analyze about the AIESEC strategy in sustaining their financial stability using the SWOT analysis. The researcher will analyze one by one of the AIESEC's strategy using SWOT analysis so that the researcher can find a clear answer about every aspects from the strategy that is using by AIESEC.

4.3.1. Financial Report

1. **Strength**

   The strength of the financial report that is applied by AIESEC is that all the cash flow inside and outside the organization can be tracked clearly and it is visible to the member as well. Since the financial report is always distributed to the member the member can also maintain and see all the financial flow that is happening inside the organization. So this will minimize the possibility of fraud happening inside the organization.

2. **Weakness**

   Since this organization is fully run by student including the person who made the financial report, so there will be always an error in the reporting. Even though error is only minor but still it could slow the operation of the organization.

3. **Opportunities**

   By using the financial report, the President or the VP of Finance and Governance could analyze from where their main income and from where the highest income come from. By analyzing this, AIESEC could focus on the significant aspects that help AIESEC get more income. Furthermore by seeing the financial report they can also see from what activities or project they lost the money the most, so they can reconsider about the activities that absorb lots of AIESEC’s money.

4. **Threat**

   The threat of financial report is general and almost happen in all organization, which is the possibility of changing the amount of money by the person who in charge to make the financial report. Even though AIESEC have their own internal auditor, this kind of problem is could still happen.

4.3.2. Project Controlling

1. **Strength**

   The strength of the project controlling is that there will be no wasted money used to held unnecessary events. It will help AIESEC to maintain their cash outflow. Furthermore the project controlling will help AIESEC and make sure that the events that are held will be held at the best possible way.

2. **Weakness**

   Since all the projects that is proposed by the member will have to get an approval from Project Controlling team, the events could be held later than the first planning. Because the Project Controlling team will have to consider all of the aspects needed to hold the events such as the financial status and the date of execution of the events before approving the project to be executed.

3. **Opportunities**

   By optimizing the project controlling policy, AIESEC can really minimize the wasted fund used for unnecessary events or projects. Project Controlling can also give some advice to the President of which events are really needed and which one is not.

4. **Threat**

   The threat is that if the Project Controlling team is working too long in deciding which project should be dine first, many of the project proposed could not be executed and it could be the good one.

4.3.3. Petty Cash

1. **Strength**

   Petty Cash is one small strategy that is important to have in organization. The strength of the Petty Cash is that the members who want to reimburse their money don’t need to wait too long for the process to be done. Because there is Petty Cash and Finance team can directly take the money from it.

2. **Weakness**

   Since the Petty Cash is held by only one person, so there will be come a day when he/she got sick and maybe cannot attend the meeting and cannot do the reimbursement directly because he/she bring the money with him/her. So any members who want to reimburse their money cannot do the reimbursement directly and should wait until the people who bring the Petty Cash come.

3. **Opportunities**

   Based on the analysis of the researcher, petty cash in AIESEC is already run well. But if the Finance team could maximize the use of Petty Cash it will be very helpful to the organization, for example instead of let the petty cash bring by a person, let the petty cash available in the office of AIESEC so it will always available but still if they want to use the Petty Cash they will have to inform and get the approval from the person in charged for the Petty Cash.

4. **Threat**

   Since the Petty Cash is always be carried by the person in charged, there is always a possibility of that person using the money from the Petty Cash by intention or not. The other threat is that that person who carried the Petty Cash lost it or misused it.

4.3.4. Reimbursement

1. **Strength**

   Reimbursement system is already applied in almost all companies and organizations, the main benefit of this is that the member do not have to wait for the money from the organization to do something, they can use their own money first and then ask for reimbursement from the organization later on. So no activities will be delayed.

2. **Weakness**

   The weakness is that the cash on hand is not always available at any time, so the reimbursement cannot always be done directly. So the member who already spent something using their own money must wait for some time for their money to be replaced.

3. **Opportunities**

   There is a big opportunities to maximize the reimbursement system to help making any activities more efficient. For example if the organization can make all the expense for an event later, in the beginning of the planning if the member should buy something they could use their own money until the event is almost ready and ask for reimbursement after that. By doing that the organization can finish all of the reimbursement in only one days or two instead of every day during the preparation of the event.

4. **Threat**

   The threat is that the member who asks for reimbursement is not saying or buying things that is necessary but say that it is necessary and wasting the money of the organization, or maybe the member will lied about the amount of money that they are using.

4.3.5. Cash Advance

1. **Strength**

   It will be very good for controlling the cash outflow of the organization. Because any member cannot just ask for budget from AIESEC to purchase something even though it is important for the organization. They will have to get an approval from the President and also the VP of the Finance and Governance. Without the approval from those two people.

2. **Weakness**

   Since the use of budget above two millions Rupiah needs an approval from the President of AIESEC and the VP of Finance and Governance, it will slowing down any process that is very important or urgent and need to be done quickly. Because the approval from the President it self is not enough, so it is a bit difficult to do something in case of emergency.

3. **Opportunities**

   If AIESEC can maximize the cash advance policy, they will save a lot of money from unnecessary activities that will only waste the money of the organization. They can maximize it if both the President and the VP of Finance and Governance consider deeply any request to buy something, if they can find another solution that is way much cheaper and as efficient as the expensive one, it will be wise to choose the not expensive one.

4. **Threat**

   The threat is that if one of those two important person is out of reach or very busy and cannot be contacted, it will delay everything that is need to use the cash advance, and it will be more fatal if they need the cash as quick as possible or in an emergency situation.

4.4. AIESEC Monthly Financial Report

Here the researcher will show the monthly financial report of AIESEC President University as a proof that the strategies that AIESEC use and implement are worked well and effective.

The researcher cannot get the most recent financial report which is 2014 because the data is still being audited by AIESEC internal auditor. So here the researcher will show the 2013 monthly financial report. Here the researcher used the balance sheet to analyze and make a conclusion of AIESEC financial status.

Table 4-1: Assets of AIESEC per June 30 2013

ASSET	
Cash	IDR 17,750,000.00
Cash – Bank	IDR 37,828,814.19
Profit Sharing to UI	IDR 2,510,000.00
TOTAL ASSET	**IDR 58,088,814.19**

Table 4-2: Assets of AIESEC per July 31 2013

ASSET	
Cash	IDR 17,750,000.00
Cash – Bank	IDR 35,714,448.03
Profit Sharing To UI July	IDR 1,900,000.00
Profit Sharing To UI June	IDR 2,510,000.00
TOTAL ASSET	**IDR 57,874,448.03**

Table 4-3: Assets of AIESEC per 31 August 2013

ASSET	
Cash	IDR 17,750,000.00
Cash – Bank	IDR 38,264,672.26
Sharing Profit to UI	IDR 1,900,000.00
TOTAL ASSET	**IDR 57,914,672.26**

Table 4-4: Assets of AIESEC per 30 September

ASSET	
Cash	IDR 17,750,000.00
Cash – Bank	IDR 27,301,613.35
Profit Sharing to UI	IDR 2,510,000.00
Profit Sharing to UI	IDR 1,250,000.00
Profit Sharing to UI	IDR 1,900,000.00
Office	IDR 11,000,000.00
TOTAL ASSET	**IDR 61,711,613.35**

Table 4-5: Assets of AIESEC per 31 October 2013

ASSET	
Cash	IDR 17,750,000.00
Cash – Bank	IDR 28,596,488.72
Profit Sharing to UI	IDR 2,510,000.00
Profit Sharing to UI	IDR 1,250,000.00
Profit Sharing to UI	IDR 1,900,000.00
Office	IDR 11,000,000.00
TOTAL ASSET	**IDR 63,006,488.72**

Table 4-6: Assets of AIESEC per 30 November 2013

ASSET	
Cash	IDR 17,750,000.00
Cash – Bank	IDR 31,712,082.60
Profit Sharing to UI	IDR 2,510,000.00
Profit Sharing to UI	IDR 1,250,000.00
Profit Sharing to UI	IDR 1,900,000.00
Office	IDR 11,000,000.00
TOTAL ASSET	**IDR 66,122,082.60**

Table 4-7: Assets of AIESEC per 31 December 2013

ASSET	
Cash	IDR 12,750,000.00
Cash – Bank	IDR 29,403,664.43
Profit Sharing to UI	IDR 2,510,000.00
Profit Sharing to UI	IDR 1,250,000.00
Profit Sharing to UI	IDR 1,900,000.00
Office	IDR 11,000,000.00
A/R	IDR 8,100,000.00
TOTAL ASSET	**IDR 66,913,664.43**

From the financial report of assets above, the researcher analyze and make a conclusion that AIESEC have a healthy financial stability. Because their assets reported are stable on every month and even increasing in the last view months.

The researcher than become sure and believe that the strategy that is being used by AIESEC is right and implemented well. This is because they can manage to make their financial condition stable in every month.

4.5. Interpretation of Result

After doing this research the researcher got a better and deeper understanding of how to sustain a financial stability especially how AIESEC sustain their financial stability and also all the strategy that is implemented by AIESEC President University in order to maintain and sustain their financial performance. None of the strategy that is used is new or special; all of the strategy is a general financial strategy that is also used in many organizations. But things that make AIESEC different are that how they maximize those strategies and how to train the entire member so that they could perform at their best. Because if all of the member are performing at their best it will also give an impact to the organization, in this case is AIESEC.

AIESEC knows and understand well about this and implement it as one of the strategy to make sure that every member of the organization perform well and always at their best to help run the organization smoothly and with less error happen during their activities.

CHAPTER V
CONCLUSION AND RECOMMENDATION

5.1. Conclusion

After all the research the researchers can conclude that AIESEC's strategy in sustaining their financial stability is correct and it is all well executed as well. Not only sustain it, they also increase it and develop the organization at the same time. All of this can happen because AIESEC President University train all the member really well and also put the right person in the right place. This is proven by the strategy that is a commonly used strategy in almost all organization. But since AIESEC President University train all the members in using their own way and trust them to be placed in a division makes all the members have a high confidence and trust to the organization and will do their best to help the organization perform well.

The next thing that is important and make a huge different between AIESEC President University with other organization is that the President and all of the VP will do their best to help and guide the members in doing their duty, they always there for the member and always ready to help and give advice so that the members can perform well in doing their responsibilities. Sometimes even the President come to every division and ask to them directly what issue problem that they are having and try to give a solution or even make a meeting to solve the problems together with all the members.

To the researcher, AIESEC President University is already doing an awesome job in sustaining their financial stability while doing many activities. AIESEC President University is still very young, not more than 5 years old. But with all the achievement, the researcher is becoming very sure that AIESEC is already performing really well and without doubt can still increasing and developing, with the right ingredients and recipe this organization will retain their position as the biggest student-run organization and could possibly also be the best in the forthcoming years.

5.2. Recommendation

By having the conclusion that the strategy used by AIESEC President University to sustain and control their financial stability is work well, the researcher suggest to:

5.2.1. AIESEC President University

Even though the strategy is already implemented well and work well for the AIESEC, but they must pay attention to the small detail such as maximizing the use of Petty Cash and try not to make a small mistakes that could slow their activities. They also should maximize all the strategy that is used because it will help the whole organization performance to become better in the future.

5.2.2. Future Researcher

The researcher really hope that this research will help any future researcher that wants to study about AIESEC or any other NGO in terms of the financial strategy. The researcher already describes all the strategy necessary as clear and as brief as possible so that the future researcher can get a deep understanding about the topic.

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APPENDIX

Interview Transcript

Interview I with Arie Dia Fauzan (Ucang) at President University Library

Researcher: Good day Cang, how are you?

Participant: Good day Don, I'm fine thanks, how are you?

Researcher: I'm fine too thanks. So can we just start the interview Cang?

Participant: Yea of course, so what can I help you?

Researcher: Okay, I'm really interested and curious about how AIESEC in President University can earn money to do the activities and all the student exchange things, is AIESEC get it from a donation or investors? Can you explain to me about that?

Participant: Oh okay, so first is AIESEC do not have any donators or even investors, AIESEC get all the money to run the organization and do all the projects from the exchange participants. So our main source of funding is from the exchange participants.

Researcher: Oh, but how could that worked? Isn't the participant pay a certain amount of money is for their own need, like ticket, visa, and etc?

Participant: Yes, the money that they paid is for their needs, such as tickets and the documents that they need to go abroad, but we also took some of the money for AIESEC. The money that we took is not for us to play, or to have fun with, the money that we took is to run the organization and do another events for the next exchange program and another projects.

Researcher: Oh I see Cang, so AIESEC get the money from the project that is held by AIESEC and than make another event using also that money in order to make another project. Wow that is clever I think, so that's why AIESEC do not need any donators or investors.

Participant: Yeap that is how AIESEC worked. Anything else you want to know?

Researcher: Ya, I got one more thing actually, so after AIESEC get the money how you guys can maintain it before use it again to make another event or projects and also during an event how can you guys keep the outflow at minimum? Are there any special strategies that AIESEC used?

Participant: it's not a special strategy, it is more to a money policy that we used and the strategy is that how we maximize all those policy.

Researcher: Oww so what are the policies that is used?

Participant: There are a lot policy regarding our financial, but there is only few that is really important. First is our financial reporting, it is sounds standard but what we do is we take it seriously and we try to make the financial report as detail as possible and without any mistakes, so that we can get a clear information regarding our financial status. Then there is also what we called project controlling, here we choose only the important project to be approved, because if we just approve all the project it will waste our money, so we choose carefully only the necessary project and events to be hold so we can maintain our financial status. We also have a petty cash, it is cash that is always available so that we not need to take money from our bank account to keep the outflow controllable, we can use this petty cash anytime before or during an events and it is really practical and useful having a petty cash. The last I think is the cash advance policies, the cash advance here is a policy to control an expense more than two million rupiah, so if AIESEC needs to purchase something that is more than two million they need to get an approval from the President of AIESEC and also the Vice President of Finance and Governance Division, without their approval no matter how important or how urgent the situation is, AIESEC cannot purchase or do something that is proposed.

Researcher: Ooh okay I get it, but you mention about reimbursement, is reimbursement part of the important policies or just a policy?

Participant: Oh yes reimbursement is also important, but you already know what reimbursement is right Don?

Researcher: Yes Cang I know that, so there are five important policies or strategies that are used by AIESEC to control the financial stability.

Participant: Yea I think so, is there anything else I can help you with?

Researcher: Errr I think we can end this interview right now because I already get the answer of my curiosity. Thank you for your time Cang.

Participant: Yes you welcome Dony, hey are you hungry? Let’s get something to eat.

Researcher: Yea I’m pretty hungry, let’s go than.

Interview II with Giovanni Septio in AIESEC President University Office

Researcher: Good day Gio, I'm sorry I came a bit late I just came back from campus to do the clearance.

Participant: Hi Don good day, haha its okay. So what do want to ask me? You already interviewed Ucang yesterday right?

Researcher: Well Gio I of course cannot just interview one person right? I'll be dead when I'm doing my defense if I only interviewed one person, and Mr Erwin also ask me to interview at least 5 people, so there is nothing I can do but to do what he ask me to do.

Participant: Haha yes I know that, well that is skripsi bro, bare with it. So what do you want to ask me?

Researcher: Hahaha yes, so I already ask Ucang about the strategies and policies that is used by AIESEC President University to sustain the financial stability, it seems that all the policies and strategies is a common strategies, how could it be so different between AIESEC and other organizations, how AIESEC can still maintain their finance with the same strategy that other organization also used?

Participant: Well okay, it is not the strategy that matters, it is about the people and how we implement it. If we can implement the strategies well the organization will perform well. You get it?

Researcher: Yea I get the idea, but can you explain it more please?

Participant: Well if we have a good resource or people to work with and a good way to embrace and encourage them, they will do their job at their best, but if we cannot encourage them or the members in AIESEC is not having that team work spirit, we will not perform to our best. So the thing that is matters is not only the strategies bro.

Researcher: Oh I see Gio, I get it. Thanks bro, it is enough for today I think.

Participant: Wow okay, so that’s it?

Researcher: Yes Gio that’s it, thank you for your time, I need to go now. See you Gio, take care.

Participant: Okay Don no prob, see you and good luck with your skripsi.

Interview III with Rendy Muhammad at his place

Researcher: Hi Rendy can I have a minute to do a quick interview with you?

Participant: Yes of course. What can I help you with?

Researcher: Ucang tells me the other day that Financial Report is one of the AIESEC strategies in sustaining the financial stability of AIESEC, and since you are the VP of Finance and Governance, can you explain me more about that? What makes the financial report so important?

Participant: Well financial report is a common thing to use and it is important for every organization to have their financial report. But if we can understand it deeper we can tell many things about the organization's financial situation just by seeing the financial report. Here in AIESEC President University we do the financial report very carefully so that we did not make any mistakes in putting the number in the journals, because by seeing the financial report, we can tell which activities that are spent a lot of money and which activities or events make a lot of money for AIESEC. After seeing that we or the President of AIESEC can make a decision for choosing the best event that will give AIESEC huge profit.

Researcher: Well I understand that, but can you give another example of the importance of the financial stability?

Participant: Okay then, like I said before that we try to make the financial report very carefully so that we not put a wrong amount of money. At the end of the year the financial situation will be audited by the internal auditor of AIESEC, and if we already make the monthly financial report with less mistake or even without any mistakes, we can make the audit process faster and we can get the yearly financial report to see the financial status of the organization so that we can make a new strategy to be implemented for the organization for the next year.

Researcher: Oh I see, so the financial report if you guys doing it carefully it will be very helpful for the organization's effectiveness to make a decision for the next year.

Participant: Exactly, that is the importance of it.

Researcher: Okay, so can I get the most recent financial report as my data to be analyzed?

Participant: Emm I'm sorry but I think the last year report is still being audited so it is not ready yet, but I can give you the data from the 2013 financial report, is it okay?

Researcher: Well that is fine I guess, I can still analyzed it

Participant: Okay then, I will send it to your e-mail later.

Researcher: Okay Ren, thanks for the time and everything. See you!

Participant: You're welcome Don, Good luck!

Interview IV with Zharfan Muhammad at his place

Researcher: Good afternoon Fan, how are you?

Participant: Hi I'm fine thanks, how are you Don?

Researcher: I'm fine too thanks, so can we start the interview?

Participant: Okay, so what do you want to know?

Researcher: You've been joining the exchange project from AIESEC for few times right?

Participant: Yes I have, why?

Researcher: What makes you want to participate in the exchange program until few times?

Participant: Well first is that it is much cheaper to go abroad through AIESEC instead of going abroad by my self. Then by joining AIESEC program we will get a more experience, knowledge, and make new friends from many countries.

Researcher: How can you get more? What will you do there with AIESEC?

Participant: Well AIESEC will give us so many activities and those activities are mostly in group, so we will meet another participant from another AIESEC and do many things together and it is really fun. For me it is a much better way to spend your time abroad than just go shopping or wondering around and don't know where to go. AIESEC will give us much information about the countries and the history and even takes us to some places that not every tourist know and it is great.

Researcher: Okay so I can conclude that you are joining the exchange program because it is cheaper and you will get more activities and will have new friends, is that true?

Participant: Yes that's correct.

Researcher: Okay so I will use this as my data and use it in my skripsi Fan haha.

Participant: Okay that's fine.

Researcher: Alright then, I think that is all that I have to ask you, Thanks for your time Fan.

Participant: Yes no problem bro, finish that skripsi quickly so we can do studio jamming again okay?

Researcher: Haha okay Fan.

Interview V with Andhita Zherlina at her place

Researcher: Hi Dhit, how are you?

Participant: I’m Fine thanks, how are you?

Researcher: I’m fine too Dhit thanks.

Participant: So why you want to interview me?

Researcher: Well because you have joined the AIESEC exchange program and it is easier to interview you than other person that I don’t know.

Participant: Haha okay then, so what do you want to know?

Researcher: Okay, so why are you interested in joining the exchange program from AIESEC?

Participant: I heard many stories from Zharfan about the activities while on abroad and it sounds fun, so that’s why I want to join. Besides going abroad through AIESEC is cheaper than going in person, we don’t have to worry about the cost of the hotel and foods because it is already provided by AIESEC.

Researcher: Oh so you are interested because of the activities and because it is cheaper?

Participant: Well yes Don

Researcher: So after you did all that, are you happy with the program? Will you join again if AIESEC make another exchange program?

Participant: Yes it is really fun such a great time I spent with people there and everybody in AIESEC there. Well if I'm not busy and I have the money I will join the program again, because it is really exiting and very fun.

Researcher: Okay than, I will use this as my data for the skripsi Dhit, thanks for the help.

Participant: Alright, no problem bro.

Researcher: Okay than, I have to go now bye Dhit thanks.

Participant: Okay bye.

Verbatim

Statement of Problem	**Answer from the Interview**
How can AIESEC President University get all the funding? Is it from donator or investor?	AIESEC get the fund by doing exchange and not from donators or investors
From where AIESEC President University get the funds?	From the exchange program that they hold every year, they took few percent from the money that is paid by the exchange participant
How AIESEC President University Manage the funding? What strategies that they are using?	By using and maximizing their 5 main strategies which are financial reporting, project selecting, petty cash, reimbursement and the cash advance.
How AIESEC President University can did the student Exchange?	AIESEC President University will cooperate with the AIESEC from the abroad to make the exchange program, they will contact the AIESEC from abroad fro the availability and everything such as the date and the number of participants. That is why AIESEC can do the student exchange program.