

CHAPTER III

RESEARCH METHOD

A. Type of Research

An activity would be recognized as a research if there is a systematic and organized effort to review certain problem that needs some answers. Type of research gives brief description on how the research would be conducted and reported. The type of research which is used in this research is descriptive research with case study approach.

Zikmund et al (2009:55) stated that descriptive research describes the characteristics of objects, people, or organizations, or environments, tries to “paint a picture” of a given situation by addressing who, what, when, where, and how question. Much of business information is based on descriptive research. This research also intends to learn in particular object of research that is PG Ngadiredjo Kras-Kediri so in this research include case study approach. Further, Kothari (2004:2) stated that descriptive research includes surveys and fact-finding enquiries of different kinds and the major purpose of descriptive research is description of the state of affairs as it exists at present.

While case study approach, Zikmund et al (2009:140) stated that case studies simply refer to the documented history of a particular person, group, organization, or event. Typically, a case study may describe the events of a specific company as it faces an important decision or situation, such as introducing a new product or dealing with some management crisis. A primary

advantage of the case study is that an entire organization or entity can be investigated in depth with meticulous attention to detail. This highly focused attention enables the researcher to carefully study the order of events as they occur or to concentrate on identifying the relationships among functions, individuals, or entities. Kothari (2004:113) stated that the case study deals with the processes that take place and their interrelationship. Thus, case study is essentially an intensive investigation of the particular unit under consideration. Researcher wants to learn the background intensively and the meant of research subject are individual, group, institution, or society. The purpose of case study is to give an illustration more detail about the background and special character from the cases.

Based on the explanation above, descriptive research with case study approach is appropriate to be used in this research. This is because the research is conducted in one company that has raw material inventory procedure to provide the business operation's requirement which is appropriate to the goal of this research. In the analysis process, data in the form of forms, statement, or data (interview, observation, and documentation result) and supporting document are used as well as the usage of tables and other figures for supporting the description and conclusion.

B. Focus of Research

The determination of research focus is needed in order to make the research process to be more directed and running well. The existence of research focus is possibly for the researcher to make a right decision about the data or information

that will be collected for further analyzed. Besides that, research focus is also used to sharpen the research itself.

In accordance to the previous explanation, the focus of this research is determined as follows:

1. Raw Material Inventory Procedures

In this case, the research is conducted to know the procedures of raw material inventory that is applied by PG Ngadiredjo Kras-Kediri.

The procedures here focused with the related functions, document used, and raw material inventory procedure.

2. Internal Control

Internal control on raw material inventory accounting system is implemented to assess the treatment of internal control that has been applied by PG Ngadiredjo Kras Kediri.

Further, this research is conducted to assess the internal control that has been applied by PG Ngadiredjo Kras – Kediri. This is to know how effective the PG Ngadiredjo Kras – Kediri in implementing the raw material inventory procedure in order to support the effectiveness of internal control. In this research, elements of internal control will be used in assessing the internal control.

C. Locations and Sites of Research

The location of research that is referred in this research is a place where the researcher conducts the research toward the research object. Hence, site of the

research here means the place where the researcher captures the real condition of the research object. In this case, the researcher selects PG Ngadiredjo which is located in Desa Jamban Kras Kediri, while the site of this research is in Plants Department, Quality Control Department, Receiving Post, and Weighing Post.

There are some considerations in selecting of the research location. First consideration is based on the news from detik.com that PG Ngadiredjo is one of top five best *rendemen* (sugar-content) in BUMN sector in 2012. Thus, PTPN X (Persero) puts PG Ngadiredjo as one of best *rendemen* in East Java. The achievement that PG Ngadiredjo reached is based on the good managing to supply and control the raw material received by factory. The tight procedure in supplying and controlling the receiving of sugarcanes in order to the company can fulfill the standard the amount of raw material that has been made and good quality of sugarcanes that company received.

Specific consideration is PG Ngadiredjo has specific characteristic in applying procedure to supply of raw material inventory. There is no purchasing function but PG Ngadiredjo applies production sharing to supply the sugarcanes.

D. Source of Data

Data source of research is important for the researcher to answer the researcher's question in order to making easy in taking a conclusion related the problem formulation that has been illustrated in previously in this undergraduate thesis. The source of data in this research is primary and secondary source.

1. Primary Data

Kothari (2004:95) stated that the primary data are those which are collected afresh and for the first time, and thus happen to be original in character. The researcher collect primary data during the course of doing experiments in an experimental research but in case the researcher do research of the descriptive type and perform surveys, whether sample surveys or census surveys, then the researcher can obtain primary data either through observation or through direct communication with respondents in one form or another or through personal interviews.

2. Secondary Data

Kothari (2004:95) stated that secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Zikmund et al (2009:161) stated that research projects often begin with secondary data, which are gathered and recorded by someone else prior to (and for purposes other than) the current project. Secondary data usually are historical and already assembled. They require no access to respondents or subjects. The primary advantage of secondary data is their availability. Obtaining secondary data is almost always faster and less expensive than acquiring primary data. Secondary data sources obtained from the documents (forms) and the accounting records used in raw material inventory accounting system.

E. Data Collection Method

Data collection method is the main step in a research because the main goal in a research is to collect the data. The method of data collection is quite popular, particularly in case of big enquiries. It is being adopted by private individuals, research workers, private and public organizations and even by governments (Kothari, 2004:100). Data collection method is the method that used to get information and document needed because the main purpose of this research is to collect the information and data in order to the researcher can take the conclusion. In this research, the researcher will implement the data collection methods are as follows:

1. Interview

Kothari (2004:97) stated that the interview method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses. The purpose of an interview is to record a respondent's answer (Zikmund et al, 2009:443).

2. Observation

Zikmund et al (2009:649) stated that observation is the systematic process of recording the behavioral patterns of people, objects, and occurrences as they are witnessed. The major aim of this type of observation is to get a spontaneous picture of life and persons. It has a tendency to supply naturalness and completeness of behavior, allowing sufficient time for observing it (Kothari, 2004:97).

3. Documentation

Documentation techniques is one of the way to collect the data which is to get the important records or proofs related with the problem that have been formulated by researcher in the previously. To get the complete data, credible, and it is not form of fabricate so the researcher try to find the data that available in company. In those data show that the documents, reports, or records that really implemented by company so it will be easier for further investigated to get accurate result and conclusion. The data obtained from those documents are the organizational structure, job description, inventory procedure, and other supporting document at PG Ngadiredjo Kras-Kediri.

F. Research Instrument

Research instrument is a tool or instrument that the researcher uses to get and explore the information and data in order to make these activities become systematic and efficient, in this research, the instruments that will be used as follows:

a. Interview Guidelines

Interview is proposed to PG Ngadiredjo Kras-Kediri in the form of question list. It is very useful to guide the research in obtaining the information or data.

b. Observation Guidelines

Observation is proposed at PG Ngadiredjo Kras-kediri which is a variety of things that must be observed, recorded and noted, and used to obtain the data.

c. Documentation Guidelines

Documentation guide in tracing some documents related to the topic of research. The researcher use official documents from PG Ngadiredjo Kras-Kediri in supporting the topic under research.

G. Data Analysis

Data analysis is a process to find and arrange the data which is collected by interview, observation, and documentation in systematically way by organized the data into some categories, make a synthesis, and make a conclusion, so it will be understandable easily both for researcher and others. Here are the main aspects that will be analyzed in this research:

1. Describing and analyzing the implementation of raw material inventory procedure that has been applied by PG Ngadiredjo Kras Kediri. The analysis consists of those sub topics:
 - a. Describing the raw material inventory procedure by using:
 - 1) Related Functions
 - 2) Documents Used
 - 3) Raw Material Inventory Procedure

- b. Describing and analyzing the raw material inventory procedure that is done by PG Ngadiredjo which is include the document used, related function, and the procedure in order to the researcher can assess whether the accounting system used already good or not according with the characteristics of good raw material accounting system.
2. Analyzing the internal control on raw material inventory accounting system that includes:
 - a. Organizational structure that separates the functional responsibilities explicitly.
 - b. Authority system and recording procedure that provides sufficient protection on wealth, debt, revenue, and cost.
 - c. A healthy practice in carrying out the duties and functions of each unit in the organization.
 - d. Quality and ability of employee is appropriate with the responsibility