PROCEEDING
Ecosia International Conference

DIGITAL BUSINESS BY STRATEGIC
INNOVATION FOR ECONOMIC
DEVELOPMENT

10th September 2022

PROCEEDING ECOSIA
INTERNATIONAL CONFERENCE

**"DIGITAL BUSINESS BY STRATEGIC INNOVATION
FOR ECONOMIC DEVELOPMENT"**

INSTITUT TEKNOLOGI DAN BISNIS ASIA MALANG, 10 SEPTEMBER 2022

Organized by:

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

PROCEEDING: ECOSIA INTERNATIONAL CONFERENCE

Theme
DIGITAL BUSINESS BY STRATEGIC INNOVATION FOR ECONOMIC DEVELOPMENT

Organizer
Institut Teknologi dan Bisnis Asia Malang

In Collaboration With:
- Nueva Ecija University of Science and Technology, Philippines
- Politeknik Tuanku Syed Sirajuddin, Malaysia
- Univeritas Patimura, Indonesia
- Universitas Mahasaraswati Bali, Indonesia
- Universitas Muhammadiyah Jambi, Indonesia
- Universitas Multi Data Palembang, Indonesia
- Universitas Trisakti, Indonesia
- Universitas Widyagama Malang, Indonesia
- University of Technology Krungthep, Thailand

COMMITTEE

Advisor	Murtianingsih, SE.,M.M.
Chief of Committee	Aditya Hermawan, SE, Ak, MSA
Vice Chief of Committee	Dr. Mohammad Bukhori, SE, MM
Finance	Layly Dwi Rohmatunnisa, S.Pd, M.Akun
International Relationship	Nur Lailatul Aqromi, S.S., MA
Master of Ceremony	Widya Adhariyanty R., S.Pd., M.Pd.
Moderator	Wa Ode Irmasari, SE, MSA
	Mulyaningtyas, SE, M.Si
	Dr. Ida Nuryana, SE., M.M.
	Hari Kurniawan, SE,. MM.
Network Support	Fransiska Sisilia Mukti, ST., MT.
Public Relation	Mariana Puspitasari, SE, M.I.Kom
	Widiya Dewi Anjaningrum, SSi, MM
	Dr. Widhi Dewi R, SE, MM
Steering Committee	Syaiful Bahri, SE, MSA, ACPA
	Dr. Justita Dura, SE, MAk
	Agus Purnomo Sidi, S.Sos, MM
	Fadilla Cahyaningtyas, SE, Ak, MSA
Support	Nur Elif, S.Kom., M.M.
	R.B. Hendy Try Pranegara, S.Kom., M.M.
	Sindy Nur Fitriyah
	Wahyudi Nurul Aziz
	M.Chaidar Al Ghifary S
	Alya Putri Chusnia

EDITORS

Chief Editor

Rifki Hanif, SE, MM, *Institut Teknologi dan Bisnis Asia Malang, Indonesia*

Copyeditor

I Dewa Putu Wira Pradnya, SM, *Institut Teknologi dan Bisnis Asia Malang, Indonesia*

Editor

Ditya Wardana, S.ST, MSA, *Institut Teknologi dan Bisnis Asia Malang , Indonesia*

Ahmad Nizar Yogatama, SE, MM, *Institut Teknologi dan Bisnis Asia Malang, Indonesia*

Alma Pia Garcia-Reyes, *Nueva Ecija University of Science and Technology, Philippines*

Mai Yuliza, SE., M.M. *Sekolah Tinggi Ilmu Ekonomi Pasaman, Indonesia*

REVIEWER

Dr Dwi Ermayanti Susilo, SE., MM, *STIE Dewantara Jombang, Indonesia*

Dr. Amelia, SE.,M.M., *Universitas Pelita Harapan, Indonesia*

Dr. Anton Arisman, S.E, M.Si .*Universitas Multi Data Palembang, Indonesia*

Dr. Asraf, S.E. M.M., *Sekolah Tinggi Ilmu Ekonomi Pasaman, Indonesia*

Dr. Henny Setyo Lestari, MM., *Universitas Trisakti,, Indonesia*

Dr. Luki Adiati Pratomo, MM., *Universitas Trisakti, Indonesia*

Dr. Marilou P. Pascual, *Nueva Ecija University of Science and Technology, Philippines*

Dr. Ratna Juwita, S.E., M.Si. *Universitas Multi Data Palembang*, *Indonesia*

Dr. Ronald, ST, MM, *Universitas Pelita Harapan, Indonesia*

Dr. Sayekti Suindyah Dwiningwarni, SE, M.M., *Universitas Wijaya Putra, Indonesia*

Dr. Yolanda Masnita, MM., *Universitas Trisakti, Indonesia*

Hafizah binti Osman, *Politeknik Tuanku Syed Sirajuddin, Malaysia*

Hazira binti Saleh, *Politeknik Melaka, Malaysia*

Heny Sidanti, *PGRI Madiun, Indonesia*

Khriz N. Fernandez, *Nueva Ecija University of Science and Technology, Philippines*

Lee Sunmin, *Ewha Womans University, Republic of Korea*

Netania Emilisa, SE., MM., *Universitas Trisakti, Indonesia*

Rashdan bin Rashid, *Politeknik Tuanku Syed Sirajuddin, Malaysia*

FOREWORD

The world is changing. Now, more than ever, Innovation is critical for our economic development. It allows businesses to create new products and services, which can lead to increased productivity and improved living standards. However, innovation does not happen by itself. It requires a strategic approach that takes into account the needs of businesses, the capabilities of the workforce, and the tools which can help us propel forward.

The Economic and Business Faculty of Institut Teknologi dan Bisnis Asia Malang created the international conference with the specific aim to share ideas and create discussion about how digital technologies can be used to create value in the current national and global economies. We want to invite everyone to participate in the discussion, together with ECOSIA 2022: Digital Business by Strategic Innovation for Economic Development.

We hope that through this conference we can push new ideas and start ideas to create new innovations. More than that, We want to promote institutions, businesses, and the community to create actions and initiatives that are based on research and data.

I personally want to thank the committee, co-hosts, researchers, and all participants for being a part of this conference. I hope that this event will bring new insights, create a better understanding of how to leverage new technologies, and create innovative actions that can contribute to the development of our economies.

Best Regards,

Risa Santoso, B.A., M.Ed.
Rector

PREFACE

Good morning. Assalamualaikum wr.wb.

Peace be upon us all

Alhamdulillah, we pray to God Almighty for an abundance of blessings, we can meet in a virtual Conference organized by the Faculty of Economics and Business, Institut Teknologi dan Bisnis Asia Malang with ECOSIA INTERNATIONAL CONFERENCE - Digital Business by Strategic Innovation for Economic Development.

In this forum we will discuss in; Financial Accounting, Sharia Accounting, Accounting Information Systems, Financial Management, Digital Marketing, Human Resource Management, Digital Business, Tourism and Hospitality, and Economic and Business. The Conference presenting: Dr. Kamaruddin Bin Othman (UTM, Kedaah Malaysia), Nico Irawan, Ph. D (University of Technology Krungthep, Thailand), Dr. Arjhel V. Domingo (College of Management and Business Technology, Philippine) as Keynote Speakers.

Welcome all conference participants and authors to today's forum, together we will give a positive contribution and impact to the community through this research forum. I hope that this scientific sharing can be sustainable. I would also like to express my gratitude to the parties involved in the ECOSIA 2022 conference, the Rector of Institut Teknologi dan Bisnis Asia Malang, the Co-Hosts, the committee, and the entire organizing committee. Insyaallah, the event can be held smoothly and successfully.

Murtianingsih, SE, MM
Dean Faculty of Economics and Business
ASIA Malang Institute of Technology and Business

SCHEDULE

No.	Time	Activities	PIC
1.	07.30 – 08.30	Registration by Participants	Host from Institut Teknologi dan Bisnis Asia
2.	08.30 – 09.15	Indonesia National anthem	
		Thailand National anthem	
		Malaysia National anthem	
		Philippine National anthem	
		Performance of Indonesia traditional dance	Ms. Sindy and Ms. Alya
		Opening Remarks from the Chairman of Committee	Aditya Hermawan, S.E., M.S.Ak
		Opening Remarks from Rektor Institut Teknologi dan Bisnis Asia Malang	Risa Santoso, B.A., M.Ed
3.	09.15 – 10.00	Presentation from Dr. Nico Irawan, SS, M.Pd	Moderator: Hironimus Hari Kurniawan, S.E., M.M
4.	10.00 – 10.45	Presentation form Arjhel Valenton Domingo, Ph.D	
5.	10.45 – 11.30	Presentation from Kamarudin Bin Othman, Ph.D	
6.	11.30 – 12.30	Commercial Break	Host from Institut Teknologi dan Bisnis Asia
7.	12.30 – 13.00	Author join into Breakout Room	
8.	13.00 – 15.30	Presentation by author	Moderator Breakout Room
9.	15.30 – 15.50	Announcement to Best Paper & Best Presenter	Host from Institut Teknologi dan Bisnis Asia
10.	15.50 – 16.00	Closing	

BREAKOUT ROOM

AUTHOR	INSTITUTION	PAPER TITLE	ROOM
Adi Putra, Deka Veronica, Yorina A'guna Bansa, Asrini Asrini	Universitas Muhammadiyah Jambi	THE USE OF SOCIAL MEDIA FOR BUSINESS PERFORMANCE THROUGH DIGITAL CREATIVITY	ROOM 1
Aditya Bayu Wardana	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF SATISFACTION, MOTIVATION AND WORK ETHIC ON THE PERFORMANCE OF PMI EMPLOYEES IN MALANG CITY	ROOM 1
Agesha Marsyaf	Universitas muhammadiyah Jambi	DEVELOPING MARKETING INNOVATION PEATLAND AREA THROUGH PINEAPPLE LOCAL FARMERS IN TANGKIT BARU VILLAGE	ROOM 5
Alma Pia Reyes	Nueva Ecija University of Science and Technology	ASSESSMENT OF RESTAURANTS' SUSTAINABILITY STRATEGIES AMIDST COVID-19 PANDEMIC	ROOM 3
Almira Amadea Ken Prihatini, Siti Khairani	Universitas Multi Data Palembang	THE EFFECT OF FINANSIAL PERFORMANCE ON FIRM VALUEWITH GOOD CORPORATE GOVERNANCE AS MODERATED VARIABLE	ROOM 5
Amelia Novita Salsabila, Mulyaningtyas	Institut Teknologi dan Bisnis Asia Malang	GOOD CORPORATE GOVERNANCE, COMPANY SIZE, AND PROFITABILITY ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE FROM iNDONESIAN BANKING	ROOM 2
Anggia Fitri, Hari Kurniawan, John Eric V. Juaneza	Institut Teknologi dan Bisnis Asia Malang, Iloilo Science and Technology University	EFFECT OF LEADERSHIP, REWARDS, AND PUNISHMENT ON EMPLOYEE PERFORMANCE AT MITRA10 KEBONSARI MALANG	ROOM 4
Anna Margarita De Leon	Nueva Ecija University of Science and Technology	SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT	ROOM 3
Anton Arisman	Universitas Multi Data Palembang	EFFECT OF CULTURE IN cOMPREHENSIVE MANAGEMENT CONTROL SYSTEMS AND GOOD CORPORATE GOVERNANCE IN INDONESIA	ROOM 1

		THE INFLUENCE OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON THE LEARNING ACHIEVEMENT OF CLASS XI HIGH SCHOOL STUDENTS PLUS COLOL COFFEE, EAST MANGGARAI, EAST NUSA TENGGARA	
Arbianus Rivaldi	Institut Teknologi dan Bisnis Asia Malang		ROOM 4
Asrini	Universitas Muhammadiyah jambi	THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD	ROOM 2
Augy Kurnia	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF MOTIVATION, HUMAN RESOURCES INFORMATION SYSTEMS, AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE, ORGANIZATIONAL COMMITMENT AS INTERVENING VARIABLES, IN TRAINING INSTITUTIONS BUSINESS WISDOM INSTITUTE SURABAYA	ROOM 4
Azizee Aziz	POLITEKNIK TUANKU SYED SIRAJUDDIN	DIGITAL ENTREPRENEURSHIP ADOPTION AMONG THE SMALL AND MEDIUM-SIZED ENTERPRISES IN MALAYSIA.	ROOM 2
Deby Aisyah Rj Nur	Universitas Muhammadiyah Jambi	CONSTRAINTS OF E-COMMERCE IMPLEMENTATION IN THE MIDDLE OF THE COVID-19 PANDEMIC IN INDONESIA	ROOM 1
Dewinta Yuliana, Ike Kudsyah R, Fathorrahman	Institut Teknologi dan Bisnis Asia Malang	IMPROVING EMPLOYEE PERFORMANCE THROUGH MOTIVATION, DISCIPLINE AND WORK ENVIRONMENT	ROOM 4
Ester Melania	Psdku Aru Universitas Pattimura	ANALYSIS OF THE APPLICATION OF ACCOUNTING INFORMATION SYSTEMS FOR EXPEDITIONARY SERVICES AT MULTI INTIM EXPRESSINDO INC.	ROOM 3
Faradilla	Universitas Muhammadiyah Jambi	INVESTMENT IN THE PERSPECTIVE OF REGIONAL FINANCIAL PERFORMANCE OF CITY REGENCY IN JAMBI PROVINCE	ROOM 3
Firyal Haniyah Shifa, Justita Dura	Institut Teknologi dan Bisnis Asia Malang	MEDIA DISCLOSURE AND FINANCIAL PERFORMANCE IN CORPORATE SOCIAL RESPONSIBILITY: EVIDENCE FROM INDONESIAN MINING	ROOM 3
I Made Kertayasa	Institut Teknologi dan Bisnis Asia Malang	PARTNER SATISFACTION ANALYSIS OF PUBLIC BROADCASTING INSTITUTIONS (LPP) INFLUENCED BY THE QUALITY OF PROGRAMS AND SERVICES AND PRICE (COST) AT TVRI, EAST KALIMANTAN	ROOM 5

		STATION	
Iik Iklima Emilia Putri	Institut Teknologi dan Bisnis Asia Malang	THE INFLUENCE OF PRODUCT QUALITY AND BRAND IMAGE ON THE PURCHASING DECISION OF DIOR COSMETICS IN MALANG CITY THROUGH BRAND TRUST AS AN INTERVENING VARIABLE	ROOM 4
Intan Shafina	POLITEKNIK TUANKU SYED SIRAJUDDIN	DO REVISIT MATTERS? A REVIEW ON TOURISM DESTINATION PERSPECTIVE AND TOURIST SATISFACTION	ROOM 1
Irna Yulianti, Ahmad Nizar Yogatama, Ida Rohayu binti Mohd Romli	Institut Teknologi dan Bisnis Asia Malang Politeknik Tuanku Syed Sirajuddin	WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?	ROOM 1
Khirz Fernandez	Nueva Ecija University of Science and Technology	HOSPITALITY AND TOURISM MSME'S DURING COVID-19 PANDEMIC: AN ASSESSMENT	ROOM 1
Kiki Nurfadhila, Ditya Wardana	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)	ROOM 4
Kurnia Kusuma Putri, Fadilla Cahyaningtyas	Institut Teknologi dan Bisnis Asia Malang	DISCLOSURE OF ISLAMIC CORPORATE SOCIAL RESPONSIBILITY IN SHARIA BANKING	ROOM 4
Lady Anne Murillo	Nueva Ecija University of Science and Technology	EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY	ROOM 1
Lusi Diana, Nurhayati	Universitas Trisakti	THE EFFECT OF POPULATION GROWTH, FOREIGN INVESTMENT, EDUCATION AND HUMAN QUALITY ON THE SUSTAINABLE DEVELOPMENT INDEX IN INDONESIA	ROOM 3
Manasyellita Dian Christanto	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF PRODUCT QUALITY,PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER CHERRY CAKE SHOP IN MALANG	ROOM 4

Marini Wijaya	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF SERVICE QUALITY AND INSTITUTIONAL IMAGE ON WORD OF MOUTH WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT THE LEARNING INSTITUTION OF DIPA LEARNING CENTER IN MALANG CITY	ROOM 2
Meystya Revinadia, Agus Purnomo Sidi, Marilou P. Pascual	Institut Teknologi dan Bisnis Asia Malang, Nueva Ecija University of Science and Technology	THE RESEARCH OF SERVICE QUALITY, LOCATION, AND WORD OF MOUTH ON PURCHASE DECISIONS AT SAFIER STORE IN TRENGGALEK CITY	ROOM 4
Meyta Meyta Ajeng Dyan Pratiwi, Murtianingsih	Institut Teknologi dan Bisnis Asia Malang	SUSTAINABILITY REPORT DISCLOSURE THROUGH CORPORET GOVERNANCE, MANAGERIAL OWNERSHIP AND COMPANY CHARACTERISTIC	ROOM 2
Mohammad Suyuthi	Institut Teknologi dan Bisnis Asia Malang	PENGARUH KUALITAS JARINGAN INTERNET, HARGA DAN PELAYANAN TERHADAP KEPUASAN PELANGGAN ZOID.NET	ROOM 4
Muhamad Farid Ramadhan, Teguh Widodo	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF COMPENSATION AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT PT BERSAMA MAKMUR RAHARJA	ROOM 4
Muhammad Irhami Salni	Institut Teknologi dan Bisnis Asia Malang	DEVELOPMENT DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (UMKM) BASED ON ISLAMIC BANKING IN THE CHIP INDUSTRY IN KELAYAN VILLAGE, SOUTH BANJARMASIN SUB-DISTRICT, BANJARMASIN CITY	ROOM 4
Muhammad Syafiudin, Rifki Hanif, Chung Jaesup	Institut Teknologi dan Bisnis Asia Malang, Thai Global Business Administration Technological College	EFFECT OF LEADERSHIP STYLE AND WORK CULTURE ON EMPLOYEE PERFORMANCE PT JAPFA COMFEED INDONESIA TBK UNIT DAMPIT MALANG	ROOM 4
Nikki Fania	Institut Teknologi dan Bisnis Asia Malang	MEDIATION FUNCTION OF CUSTOMER SATISFACTION ON THE INFLUENCE OF PRICE, STORE ATMOSPHERE, AND EXPERIENTIAL MARKETING ON CUSTOMER LOYALTY AT SAMSUNG BRANDSHOP	ROOM 4

Pringgo Syahputro, Yolanda Masnita	Universitas Trisakti	ACHIEVING HALAL BRAND EQUITY USING SOCIAL EXCHANGE THEORY TO COMPETE IN THE HALAL FOOD INDUSTRY	ROOM 2
Putri Berlian	Institut Teknologi dan Bisnis Asia Malang	IMPLEMENTATION OF GREEN ACCOUNTING AND ENVIRONMENTAL PERFORMANCE ON PROFITABILITY	ROOM 3
Rahayuludiana	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM	ROOM 5
Raisha Rizqi Alif'ka, Wa Ode Irma Sari	Institut Teknologi dan Bisnis Asia Malang	EFFECTS OF PROFITABILITY, SOLVABILITY, AND COMPANY SIZE ON AUDIT DELAY	ROOM 4
Reynante Blas	Nueva Ecija University of Science and Technology	FARMERS' ACCEPTABILITY ON USING COMBINED HARVESTER IN SAN MIGUEL, BULACAN, PHILIPPINES	ROOM 5
Riska Isdyantara, Syaiful Bahri	Institut Teknologi dan Bisnis Asia Malang	THE INFLUENCE OF PROFITABILITY, LIQUIDITY, DIVIDEND POLICY AND FIRM SIZE ON FIRM VALUE	ROOM 4
Rosiyana Dewi	Universitas Trisakti	THE EFFECT OF ENVIRONMENTAL PERFORMANCE AND TAX AVOIDANCE ON COMPANY VALUE	ROOM 5
Sidqi Sunarana, Aditiya Hermawan	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF SALES GROWTH, PROFIT MANAGEMENT, AND CAPITAL INTENSITY ON TAX AVOIDACE	ROOM 5
Siti Muassaroh, Park Eunsu	Institut Teknologi dan Bisnis Asia Malang	THE INFLUENCE OF LEADERSHIP AND WORK DISCIPLINE ON EMPLOYEE PERFORMANCE	ROOM 3
Sukron Mansur	Institut Teknologi dan Bisnis Asia Malang	THE EFFECT OF TELEVISION ADVERTISING AND PRODUCT QUALITY ON THE PURCHASE DECISION OF MARIMAS PRODUCTS THROUGH BRAND EQUITY	ROOM 4
Syofriza Syofyan	Universitas Trisakti	STRENGTHENING BALI'S RESERVE ECONOMIC BASE: THE IDENTIFICATION MADE PRE AND DURING PANDEMIC	ROOM 2
Syofriza Syofyan	Universitas Trisakti	THE EFFECT OF GOVERNANCE AND SHADOW ECONOMY ON FDI IN G-20 COUNTRIES (2002-2015)	ROOM 1
Trisnadi Wijaya, Kathryn Sugara	Universitas Multi Data Palembang	DETERMINATION OF FINANCIAL DISTRESS IN PROPERTY AND REAL ESTATE COMPANIES	ROOM 2

Vivien Amor Viloria	Nueva Ecija University of Science and Technology	THE COMPETITIVE STRATEGIES OF A MICROFINANCE INSTITUTION AMIDST THE COVID-19 PANDEMIC: BASIS FOR REVIEW OF BUSINESS CONTINUITY PLAN	ROOM 2
Wildania Avinda, Pipit Rosita Andarsari	Institut Teknologi dan Bisnis Asia Malang	GROWTH OPPORTUNITY, NET WORKING CAPITAL AND INVESTMENT OPPORTUNITY SET TO CASH HOLDING: WHOSALE TRADING COMPANY	ROOM 5
Yolanda Sari Sari	Universitas Muhammadiyah Jambi	THE IMPLICATIONS OF DIGITAL INNOVATION AND ANALYSIS OF THE RELATIONSHIP BETWEEN ECONOMIC GROWTH, THE WORK FORCE AND INFLATION IN INDONESIA	ROOM 3

DETERMINATION OF FINANCIAL DISTRESS IN PROPERTY AND REAL ESTATE COMPANIES

Kathryn Sugara

Accounting, Universitas Multi Data Palembang, Indonesia

Trisnadi Wijaya

Accounting, Universitas Multi Data Palembang, Indonesia

Email Correspondence: kathryn@mdp.ac.id

ABSTRACT

Any company can experience financial distress, especially if the country is experiencing an economic crisis, so management must monitor the company's financial situation. Financial distress is defined as a sustained decline in a company's financial performance over a specific time period. Financial distress will lead to bankruptcy if the source is not addressed immediately. The purpose of this research is to determine the impact of various financial ratios on financial distress in property and real estate companies. Purposive sampling was used to select the research sample. As a data analysis technique, multiple regression analysis is used in this study. The findings revealed that the liquidity, profitability, and activity ratios all have an effect on financial distress, but the leverage ratio has no effect. Simultaneously, all financial ratios have an effect on financial distress.

KEYWORDS: Financial Distress, Property, Real Estate Companies, Indonesia Stock Exchange

Introduction

Every company is founded with the hope of generating large profits so that it can develop in the long run and avoid financial difficulties or even bankruptcy. However, not all businesses can withstand the ever-changing economic conditions. Because of this, not all expectations are met. Many companies that have been in operation for a long time are forced to liquidate or disband because they are experiencing financial distress or financial difficulties that will lead to bankruptcy. Currently, competition among companies is increasing, which results in higher costs to be borne and incurred by the company. When a company is unable to compete, it will face financial difficulties because the profit earned by the company is insufficient to cover the costs that must be borne by the company. If the company's operating profit continues to suffer losses, the company will face financial difficulties, and if no improvements are made, the company may face bankruptcy.

Financial distress is a decline in the financial condition of a company prior to liquidation or bankruptcy (Platt & Platt, 2002). Financial distress occurs as a result of the company's inability to maintain stability and manage its financial performance, resulting in operational losses. Financial distress can occur due to a variety of factors, including cash flow issues caused by profits earned by the company from operational activities that are insufficient to meet all of the company's obligations. Another factor contributing to the company's financial distress is the amount of debt it carries. The company's low income forces it to borrow in order to cover the company's operating costs shortage, but the company's income is not proportional to the debt it carries. Over time, operational losses will push the company to the brink of bankruptcy.

In theory, Figure 1 depicts the process of a company's financial distress as it progresses from healthy to unhealthy. The process of financial distress begins with a decrease in income of more than 20%, which is referred to as "early impairments" in the figure below. Even though its income has decreased, the company is still able to pay its debts at this point. When the company's operating cash flow is negative, it enters this stage. It indicates that the company will be unable to meet its future obligations. During the failure process, the company struggles to return the given capital at a consistently lower rate of return than the rate of return on similar investments. Then it goes into the default cycle. If the company continues to fail to pay its obligations or interest, it will file for bankruptcy. Following the default process, the company will enter the insolvency stage, where the company's performance is already negative due to a lack of liquidity, causing the entity to be unable to meet its debts. Bankruptcy is the final stage of financial distress and occurs when the total liability payable exceeds the asset's fair value.

DETERMINATION OF FINANCIAL DISTRESS IN PROPERTY AND REAL ESTATE COMPANIES

Figure 1. Integral Process of Financial Distress
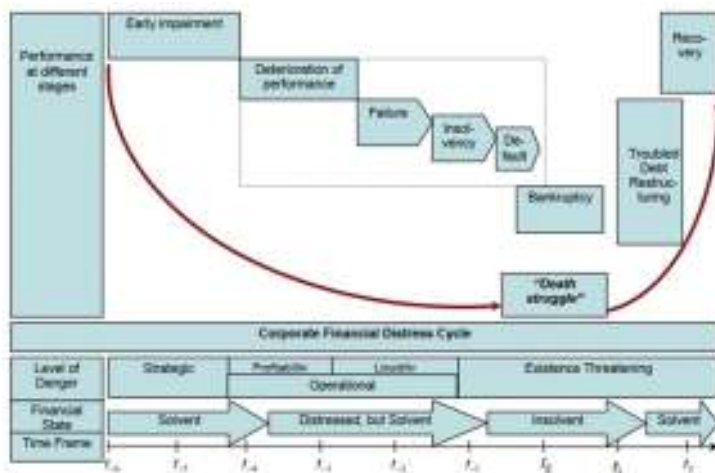
Source: (Outecheva, 2007)

Financial distress data can be used as an early warning sign of impending bankruptcy, allowing management to take immediate action to prevent problems before they arise. The continuous decline in the company's financial performance over a certain period of time will endanger the business's sustainability, resulting in the delisting of its shares from the stock exchange. According to Rule Number I-I concerning the Elimination of the Listing (Delisting) and Relisting Shares regulated in the Decree of the Board of Directors of PT. Jakarta Stock Exchange Number: Kep-308/BEJ/07-2004, the IDX may write off the securities of a listed company if it experiences conditions, or events, which significantly negatively affect the business continuity of the listed company, either financially or legally, or on the sustainability of its status. The listed company cannot show adequate indications of recovery. Between 2017 and 2020, 24 companies were delisted from the IDX, with real estate and property companies accounting for 20.83 percent of them (Cekdollarmu, 2021). This phenomenon makes it very interesting to investigate why many property and real estate companies are delisting between 2017 and 2020. Based on these conditions, potential investors can conduct an analysis to determine financial distress in a company from the start. Potential investors can use this analysis to help them make investment decisions in a company.

Financial ratios are a tool for measuring financial distress that can be calculated using data from a company's financial statements. The financial ratio analysis of the company can show the company's financial status during a specific period that reflects the company's performance. Financial ratio analysis is future-oriented, which means that it can be used to assess financial performance and future business results (Munawir, 2016). Financial ratios can be used to forecast the occurrence of financial distress and bankruptcy. Liquidity ratios, profitability ratios, solvency ratios (leverage), and activity ratios are examples of financial ratios.

A company's liquidity is a critical factor that must be considered when making decisions, because liquidity is related to the company's ability to meet its financial obligations. Liquidity

ratio is a ratio used to assess a company's ability to meet obligations that must be met immediately (Kodrat & Herdinata, 2009). Liquidity is also used to assess a company's financial performance in meeting short-term obligations such as salaries, operating costs, short-term debt, raw materials, and other items that must be paid immediately (Mustahgfiroh & Lisiantara, 2021). If the company only relies on debt for funding, it will incur even more liabilities in the future and be vulnerable to financial difficulties. The greater the company's liquidity, the better and safer it will be. The current ratio can be used to assess a company's liquidity. The current ratio is a ratio used to assess a company's ability to meet all of its short-term obligations.

Another financial ratio to consider is the leverage ratio. Leverage ratio is a ratio that measures how much of a company's assets are financed by debt. Companies that have more debt than capital are said to have a high level of leverage. Furthermore, leverage can demonstrate the company's ability to meet its financial obligations if the company is later liquidated. The greater the leverage, the greater the risk of investment (Mustahgfiroh & Lisiantara, 2021). The greater the total assets owned by the company, the more likely it is that the company will be able to pay off its obligations in the future, avoiding financial problems. The debt-to-equity ratio is used in this study to assess the company's leverage by comparing the amount of debt to the amount of equity.

The profitability ratio is the next ratio that can predict the occurrence of financial distress. Profitability ratio is a ratio used to assess a company's ability to seek profit or profit over a specific time period (Kasmir, 2018). This ratio compares a company's ability to earn a profit to its sales, own capital, and assets. The greater a company's profitability, the greater its ability to generate high profits and reduce the possibility of bankruptcy. This ratio also measures the effectiveness of a company's management. This is demonstrated by the profit generated from sales and investment income. Return on Assets (ROA) is a popular measure of profitability ratios. Return on assets (ROA) is a measure of a company's ability to generate profits with the total number of assets available to it.

The activity ratio is the final financial ratio to consider. Activity ratio is a ratio used to measure the extent to which a company uses its resources to support company activities, with the goal of optimizing the use of these resources so that the company can achieve the best possible results (Fahmi, 2020). The higher the turnover rate of the company's resources, the better the company uses its resources. If the company cannot maximize asset turnover, it will be difficult to achieve maximum results and may cause the company to go bankrupt. Total Assets Turn Over is a ratio used to determine how effective asset utilization is in generating sales. The higher the asset turnover rate, the better the company utilizes its assets.

Signal theory can explain the relationship between financial ratios and a company's financial distress. The signal theory proposes how a company should send signals to users of financial statements. Profit is a signal that managers send to the market; if managers are confident in

the company's prospects, they want to communicate with investors, who are expected to pick up on the signal and rate the company higher. The financial statements show the company's performance and financial condition. Financial statements that show positive long-term profits indicate that the company is performing well and has healthy financial conditions. This relates to the dividend distribution to shareholders. It can also be seen from the cash flow value of the company. Long-term high cash flow indicates that the company can pay its creditors. Users of financial statements may interpret this positively. In contrast, a negative profit on the financial statements indicates that the company is in financial distress.

Based on the problem's background and the previously discussed literature review, the framework theory in this research is as follows:

Figure 2. Framework Theory
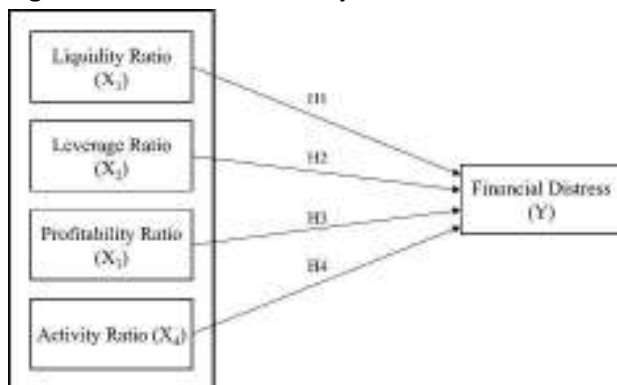
Source: Researcher, 2022

The following hypotheses will be tested in this study:

H1: Liquidity ratio has an effect on financial distress.

H2: Leverage ratio has an effect on financial distress.

H3: Profitability ratio has an effect on financial distress.

H4: Activity ratio has an effect on financial distress.

Method

This study is classified as quantitative research. Quantitative research is a type of research in which the specifications are systematic, well-planned, and clearly structured from the start to the creation of the research design. Quantitative research methods can be defined as research methods based on the philosophy of positivism that are used to examine specific populations or samples, sampling techniques are generally carried out randomly, data collection employs research instruments, and data analysis is quantitative or statistical in nature with the goal of testing hypotheses that have been established (Sugiyono, 2010). A causal associative approach

is used in this study. Causal associative research seeks to identify the relationship between two or more variables (Sugiyono, 2010). This research will allow us to develop a theory that can be used to explain, predict, and control a symptom. A causal relationship occurs when one variable (independent) influences the other variable (dependent).

Purposive sampling was used in this study to collect samples. Purposive sampling is a data-source sampling technique that takes certain factors into account. The following are the sampling criteria used in this study: (1) Property and real estate companies that have listed on the Indonesian Stock Exchange for the 2019-2020 fiscal year. (2) Companies that use the Indonesian rupiah currency in their annual financial statements. (3) Companies that submit financial reports for the 2019-2020 fiscal year accompanied by independent auditor reports. A sample of 49 companies is obtained from the population of property and real estate companies and the three sample selection criteria listed above, for a total of 98 data points.

The secondary data used in this study came from the company's financial statements, which were published on the Indonesia Stock Exchange website as well as the issuer's company. Secondary data is any data source that does not directly provide data to data collectors, such as other people or documents (Sugiyono, 2010). Multiple regression analysis with EViews software was used to analyze the data in this study. Classical assumption tests, such as the multicollinearity test, normality test, autocorrelation test, and heteroscedasticity test, were also performed during the multiple regression analysis process. The hypothesis test consists of the F and t tests, followed by analysis and interpretation, which results in conclusions and recommendations.

Result

The results of the normality test can be seen in Figure 3.

Figure 3. Normality Test Results
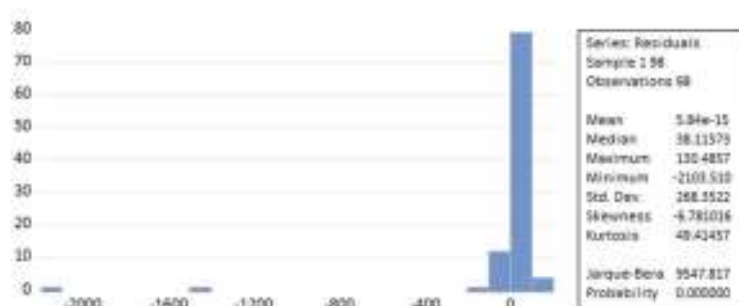
Source: EViews Output, 2022

Based on the output of the normality test using the Jarque-Bera method, Figure 2 shows that the p-value of 0.000000 is smaller than 0.05, so that the residuals are not normally distributed.

Because the residuals are not normally distributed, the outlier data is excluded from the test so that the number of observations becomes 85. The results of the normality test after the outlier data is removed can be seen in Figure 4.

Figure 4. Normality Test Results Without Outliers

Source: EViews Output, 2022

Based on Figure 4 above, it can be seen that the p-value of 0.285822 is greater than 0.05 so that the residuals are declared normally distributed.

The results of the multicollinearity test can be seen in Table 1.

Table 1. Multicollinearity Test Results

Variance Malan Faolas
0210 07/20122 Time 13 21
Sample 185
Included Obutrvatals 85

Vanatlo	Coefnoer4 Vananot	Ununeend NF	Cralett0 I1F
C	0 097989	5 104492	NA
CR	0 001365	1932546	1075239
DER	0 047312	2 270776	1 165129
ROA	0000729	1 158902	1 142882
TATO	1649326	3546094	1 090223

Source: EViews Output, 2022

Based on the output of the multicollinearity test in Table 1, it can be seen that all independent variables have a Centered VIF value of less than 10, so it is concluded that there is no multicollinearity problem among the independent variables in the regression model.

The results of the heteroscedasticity test can be seen in Table 2.

Table 2. Heteroscedasticity Test Results

Hotorosiredasboty Test ARCH				
F-sUbsts	1 528102	P100 F(182)	0	2199
Obs*R.squared	1536735	Frog Crw-Squar•111	0	2151

Test Egrabon
Ooptod•nt Vanabla RESC.2
Method Lout Squares
0214 07/2002 Time 13 30
Sample (actusle0) 285
1010.1011:10bSereaalS 84 Aar adjustments

Variat48	Coetbaent	SW Error	ISlaSsrac	Pro0
C	1 341093	0 290390	4618256	0 0000
RESC•2(.1)	0.135364	0109504	1236164	0 2199
R.3403fed	0.018294	Iltanclop•Monl vas	1	551448
Adjusted R.squato0	0.006322	SO oltpoodenlyar	2	163468
SE <Impression	2 156618	flats info catoon	4	398481
Sum 39U410010510	381 3822	Schwan allonon	4	456358
Log bkehtiocx5	.182 7362	HannamOuinn alter	4	421747
F.sLibsbc	1.528102	Durbin...Vat:cc stat		2005985
12700(F.sLs0s00	0219927			

Source: EViews Output, 2022

Based on the output of the heteroscedasticity test using the ARCH method in Table 2, it can be seen that the p-value of 0.2151 is greater than 0.05, so it can be concluded that there is no problem in the regression model.

The results of the autocorrelation test can be seen in Table 3.

Table 3. Autocorrelation Test Results

R.SCuart0	0 606544	Yuan atounciontrar	2348860
/4510•0 R•souane0	0 586872	So aocuntiont vac	1 987375
SE 46,Eirsocu	1277387	/Jtatiu wto cntonon	3 384533
Sum square° mod	130 6374	Sauna anon:u	3 528218
Log noinood	•138.8426	Hannan-Gunncuter	342323
F•slabsbc	30.83166	Durt4n-Wation slat	1 364611
PTot(F•stabs54)	0000000		

Source: EViews Output, 2022

Based on the output of the autocorrelation test using the Durbin-Watson method in Table 3, it can be seen that the Durbin-Watson value of 1.364611 is still between-2 and +2. A Durbin-Watson value between -2 and +2 means that there is no autocorrelation problem (Santoso, 2015).

DETERMINATION OF FINANCIAL DISTRESS IN PROPERTY AND REAL ESTATE COMPANIES

After all classical assumption tests have been passed, the hypothesis is tested using multiple regression analysis. The results of multiple regression analysis can be seen in Table 4.

Table 4. Multiple Regression Analysis Results

OtpendenlVanaalt FO Yaw* LeastSwami				
Oale 074843 Tome 1255 Sample 85				
Include(looser/Sons 85				
Vanable	Ceacion1	Sla Error	181abstc	Moe
C	0 537757	0313032	1 717896	0 0897
CR	0278288	0 036951	7 531249	0 0000
DER	-0058605	0213513	-0269435	0 7883
ROA	0 127843	0 027001	4334694	0 0000
TATO	6 991961	1910321	3660093	0 0005
Racpmred	0 606544		Mean dependent nr	2 348860
Ad.P..14011R4C/Ltiled	0586832		90. dormiont ft	1983335
SE of regrusson	1233383		Mute info canon	3 384533
Sum squared Mild	130 6374		Senna album	3528216
Log imelfamel	-138.8426		Kinnameluwm OW	3442323
F.3L15SIC	30.83165		DurtinNfatten slat	134611
pm5(F.sl1636e)	0000000			

Source: EViews Output, 2022

Based on Table 4, the multiple linear regression equation that can be formulated is as follows:
$$FD = 0.537757 + 0.278288\ CR - 0.058606\ DER + 0.127843\ ROA + 6.991961\ TATO \qquad (1)$$
Where:

FD = Financial Distress
CR = Current Ratio
DER = Debt to Equity Ratio
ROA = Return on Asset Ratio
TATO = Total Asset Turnover Ratio

Based on Table 4, the value of adjusted R square is 0.586872. This means that 58.6872% of the variation in the financial distress variable can be explained by the variables of the liquidity ratio, leverage ratio, profitability ratio, and activity ratio, while the remaining 41.3128% is explained by other variables that are not included in the regression model. Based on Table 4, it can be seen that the F-statistic value of 30.83165 is greater than the F-critical of 2.4859 and the p-value is 0.000000 is smaller than 0.05, so it can be concluded that the variables of liquidity ratio, leverage ratio, profitability ratio, and activity ratio simultaneously have a significant effect on financial distress.

Discussion

Based on Table 4, it can be seen that the Current Ratio variable has a t-statistic value of 7.531249 and a p-value of 0.0000. Because the t-statistic value of 7.531249 is greater than the t-critical of 1.9901 and the p-value of 0.0000 is smaller than 0.05, it can be concluded that the liquidity variable has a significant effect on financial distress. A high liquidity ratio indicates that a company can meet short-term obligations with its current assets. This demonstrates that the company's financial condition is still strong enough to pay off maturing short-term obligations. As a result, a high level of liquidity reduces the possibility of financial distress in the company. The results of this study support the research findings (Ginting, 2017), (Muhtar & Aswan, 2017), (Chrissentia & Syarief, 2018), (Shidiq & Khairunnisa, 2019), (Izzah et al., 2021), (Swara, 2021), (Rinofah et al., 2022). However, the results of this study contradict the research findings (Kusuma & Sumani, 2017), (Simanjuntak et al., 2017), (Asfali, 2019), (Ayuningtiyas & Suryono, 2019), (Christella & Osesoga, 2019), (Natalia & Sha, 2021), (Oktaviani & Sembiring, 2021), (Silvia & Yulistina, 2022) which did not find any significant effect between the liquidity ratio and financial distress.

Based on Table 4, it can be seen that the Debt to Equity Ratio variable has a t-statistic value of -0.269435 and a p-value of 0.7883. Because the value of t-statistic |-0.269435| smaller than t-critical 1.9901 and p-value 0.7883 greater than 0.05, it can be concluded that the leverage ratio has no significant effect on financial distress. Companies in financial distress typically have debt that is nearly equal to or greater than their total assets, and some even have debt that is greater than their total assets. An increase in DER has no effect on the likelihood of a company experiencing financial distress. A high DER value does not always mean the company will experience financial distress in the future. If the DER value is high but not followed by a high operating expense value, the company can avoid financial distress. Furthermore, if the company can properly manage and control debt, there is no risk of financial distress. The results of this study support the research findings (Ayuningtiyas & Suryono, 2019), (Shidiq & Khairunnisa, 2019), (Swara, 2021), (Rinofah et al., 2022), (Silvia & Yulistina, 2022). However, the results of this study contradict the research findings (Ginting, 2017), (Kusuma & Sumani, 2017), (Muhtar & Aswan, 2017), (Simanjuntak et al., 2017), (Audina & HS, 2018), (Chrissentia & Syarief, 2018), (Christella & Osesoga, 2019), (Asfali, 2019), (Christine et al., 2019), (Abdillah, 2020), (Izzah et al., 2021), (Natalia & Sha, 2021), (Oktaviani & Sembiring, 2021) which found a significant effect of the leverage ratio on financial distress.

Based on Table 4, it can be seen that the Return on Asset Ratio variable has a t-statistic value of 4.734694 and a p-value of 0.0000. Because the t-statistic value of 4.734694 is greater than the t-critical of 1.9901 and the p-value of 0.0000 is smaller than 0.05, it can be concluded that the profitability ratio has a significant effect on financial distress. This means that a company's high and low profits will have an impact on its financial distress. The high profitability ratio of the company indicates that the return on investment from the company's assets is very good.

The profit generated by the company is sufficient to fund the company's operations and allows investors to recoup their investment. This also demonstrates that the company's financial situation is stable and far from dire. The company's increasing profits will demonstrate that its financial performance is improving, putting it further away from financial distress. The results of this study support the research findings (Muhtar & Aswan, 2017), (Ayuningtiyas & Suryono, 2019), (Christella & Osesoga, 2019), (Christine et al., 2019), (Abdillah, 2020), (Swara, 2021), (Izzah et al., 2021), (Natalia & Sha, 2021), (Oktaviani & Sembiring, 2021), (Rinofah et al., 2022), (Silvia & Yulistina, 2022). However, the results of this study contradict the research findings (Kusuma & Sumani, 2017), (Simanjuntak et al., 2017), (Asfali, 2019) which did not find a significant effect between the profitability ratios on financial distress.

Based on Table 4, it can be seen that the Total Asset Turnover Ratio variable has a t-statistic value of 3.660097 and a p-value of 0.0005. Because the t-statistic value of 3.660097 is greater than the t-critical of 1.9901 and the p-value of 0.0005 is smaller than 0.05, it can be concluded that the activity ratio has a significant effect on financial distress. This demonstrates that utilizing assets owned by the company in the company's operational activities can reduce the possibility of the company being in financial distress. In other words, if the company's sales are declining as a result of inefficient asset use for operational activities, the company will be vulnerable to financial distress. The results of this study support the research findings (Simanjuntak et al., 2017), (Swara, 2021), (Rinofah et al., 2022). However, the results of this study contradict the research findings (Asfali, 2019), (Shidiq & Khairunnisa, 2019), (Izzah et al., 2021) which did not find any significant effect between the activity ratio on financial distress.

Conclusion

Based on the findings and discussion above, the following are the study's conclusions:

1. The liquidity ratio has a significant effect on financial distress based on the results of partial hypothesis testing.
2. The leverage ratio has no significant effect on financial distress based on the results of partial hypothesis testing.
3. The profitability ratio has a significant effect on financial distress based on the results of partial hypothesis testing.
4. The activity ratio has a significant effect on financial distress based on the results of partial hypothesis testing.

Reference

Abdillah, Naufal. 2020. "Pengaruh Rasio Leverage, Profitabilitas, Dan Ukuran Perusahaan Terhadap Financial Distress." Pp. 1077–88 in *Prosiding Business Management, Economic, and Accounting National Seminar*. Vol. 1.

Asfali, Imam. 2019. "Pengaruh Profitabilitas, Likuiditas, Leverage, Aktivitas, Pertumbuhan

Penjualan Terhadap Financial Distress Perusahaan Kimia." *Jurnal Ekonomi Dan Manajemen* 20(2):56–66.

Audina, Bella Puspita, and Sufyati HS. 2018. "Pengaruh Financial Leverage, Struktur Modal Dan Total Asset Growth Terhadap Financial Distress Pada Perusahaan Subsektor Pulp Dan Kertas Yang Terdaftar Di Bursa Efek Indonesia." *Oikonomia: Jurnal Ilmu Manajemen* 14(1):76–90. doi: 10.47313/oikonomia.v14i1.515.

Ayuningtiyas, Intan Saputri, and Bambang Suryono. 2019. "Pengaruh Likuiditas, Profitabilitas, Leverage Dan Arus Kas Terhadap Kondisi Financial Distress." *Jurnal Ilmu Dan Riset Akuntansi* 8(1):1–17.

Cekdollarmu. 2021. "Perusahaan Delisting Dari BEI Tahun 2017 - 2020."

Chrissentia, Tirza, and Julianti Syarief. 2018. "Analisis Pengaruh Rasio Profitabilitas, Leverage, Likuiditas, Firm Age, Dan Kepemilikan Institusional Terhadap Financial Distress (Pada Perusahaan Jasa Non Keuangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2014-2016)." *SiMAk* 16(1):45–61. doi: 10.35129/simak.v16i01.11.

Christella, Chintya, and Maria Stefani Osesoga. 2019. "Pengaruh Leverage, Profitabilitas, Kepemilikan Institusional, Likuiditas, Dan Ukuran Perusahaan Terhadap Financial Distress: Studi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2016." *ULTIMA Accounting* 11(1):13–31.

Christine, Debby, Jessica Wijaya, Kevin Chandra, Mia Pratiwi, Mahmuddin Syah Lubis, and Isna Asdiani Nasution. 2019. "Pengaruh Profitabilitas, Leverage, Total Arus Kas Dan Ukuran Perusahaan Terhadap Financial Distress Pada Perusahaan Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Tahun 2014-2017." *Jesya: Jurnal Ekonomi & Ekonomi Syariah* 2(2):340–51. doi: 10.36778/jesya.v2i2.102.

Fahmi, Irham. 2020. *Analisis Laporan Keuangan*. 7th ed. Bandung: Alfabeta.

Ginting, Mitha Christina. 2017. "Pengaruh Current Ratio Dan Debt to Equity Ratio (DER) Terhadap Financial Distress Pada Perusahaan Property & Real Estate Di Bursa Efek Indonesia." *Jurnal Manajemen* 3(2):37–44.

Izzah, Livia Nurul, Arief Rahman, and Mahsina. 2021. "Pengaruh Likuiditas, Profitabilitas, Leverage, Dan Aktivitas Terhadap Kondisi Financial Distress." *EkoBis: Jurnal Ekonomi & Bisnis* 2(1):70–81. doi: 10.46821/ekobis.v2i1.214.

Kasmir. 2018. *Analisis Laporan Keuangan*. Depok: PT Raja Grafindo Persada.

Kodrat, David Sukardi, and Christian Herdinata. 2009. *Manajemen Keuangan: Based on Empirical Research*. Yogyakarta: Graha Ilmu.

Kusuma, Eveline, and Sumani. 2017. "Pengaruh Likuiditas, Leverage Dan Profitabilitas Terhadap Financial Distress (Z-Score) Perusahaan Property, Real Estate, Dan Manufaktur Periode 2014-2016." *Jurnal Manajemen* 14(1):1–16.

Muhtar, Mutiara, and Andi Aswan. 2017. "Pengaruh Kinerja Keuangan Terhadap Terjadinya Kondisi Financial Distress Pada Perusahaan Telekomunikasi Di Indonesia." *JBMI (Jurnal Bisnis, Manajemen, Dan Informatika)* 13(3). doi: 10.26487/jbmi.v13i3.1712.

Munawir. 2016. *Analisa Laporan Keuangan*. 4th ed. Yogyakarta: Liberty.

Mustahgfiroh, Ida, and G. Anggana Lisiantara. 2021. "Financial Distress Pada Perusahaan Real Estate Dan Property Yang Terdaftar Di Bursa Efek Indonesia (BEI)." *Jurnal Akuntansi Dan Pajak* 22(2):808–16.

Natalia, Cheristin, and Thio Lie Sha. 2021. "Pengaruh Likuiditas Dan Sales Growth Terhadap Financial Distress." *Jurnal Multiparadigma Akuntansi* 4(1):40–49.

Oktaviani, Eka, and Ferikawita M. Sembiring. 2021. "Pengaruh Likuiditas, Leverage, Profitabilitas Dan Ukuran Perusahaan Terhadap Financial Distress: Studi Pada Perusahaan Sub Sektor Wholesale Di BEI Periode 2014-2020." *Reviu Akuntansi, Manajemen, Dan Bisnis* 1(2):127–44. doi: 10.35912/rambis.v1i2.944.

Outecheva, Natalia. 2007. "Corporate Financial Distress: An Empirical Analysis of Distress Risk." University of St.Gallen.

Platt, Harlan D., and Marjorie B. Platt. 2002. "Predicting Corporate Financial Distress: Reflections on Choice-Based Sample Bias." *Journal of Economics and Finance* 26(2):184–99.

Rinofah, Risal, Pristin Prima Sari, and Titi Juliani. 2022. "Pengaruh Kinerja Keuangan Terhadap Financial Distress: Studi Pada Perusahaan Sub Sektor Industri Barang Konsumsi Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Periode 2016-2020." *Al-Kharaj : Jurnal Ekonomi, Keuangan & Bisnis Syariah: Jurnal Ekonomi, Keuangan & Bisnis Syariah* 4(3):726–44. doi: 10.47467/alkharaj.v4i3.719.

Santoso, Singgih. 2015. *Menguasai Statistik Parametrik*. Jakarta: Elex Media Komputindo.

Shidiq, Jakaria Imam, and Khairunnisa. 2019. "Analisis Rasio Likuiditas, Rasio Leverage, Rasio Aktivitas, Dan Rasio Pertumbuhan Terhadap Financial Distress Menggunakan Metode Altman Z-Score Pada Sub Sektor Tekstil Dan Garmen Di BEI Periode 2013-2017." *JIM UPB* 7(2):209–19.

Silvia, Dewi, and Yulistina. 2022. "Pengaruh Current Ratio, Return on Asset, Debt to Asset Terhadap Financial Distress Selama Masa Pandemi." *Global Financial Accounting Journal* 6(1):89–99.

Simanjuntak, Christon, Farida Titik K., and Wiwin Aminah. 2017. "Pengaruh Rasio Keuangan Terhadap Financial Distress (Studi Pada Perusahaan Transportasi Yang Terdaftar Di Bursa Efek Indonesia Periode 2011-2015)." Pp. 1580–87 in *E-Proceeding of Management*. Vol. 4.

Sugiyono. 2010. *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D*. Bandung: Alfabeta.

Swara, R. Arthana Dharma. 2021. "Pengaruh Rasio Keuangan Terhadap Financial Distress Pada Perusahaan Sub Sektor Bangunan Konstruksi Yang Terdaftar Di Bursa Efek Indonesia Tahun 2017-2019." *Jurnal Syntax Admiration* 2(10):1960–68. doi: 10.46799/jsa.v2i10.328.

ACHIEVING HALAL BRAND EQUITY USING SOCIAL EXCHANGE THEORY TO COMPETE IN THE HALAL FOOD INDUSTRY

Pringgo Syahputro

Universitas Trisakti, Indonesia

Yolanda Masnita

Universitas Trisakti, Indonesia

Email Correspondence: yolandamasnita@trisakti.ac.id

ABSTRACT

The development of the halal market potential makes many companies want to enter and win the competition. Limited research on brand equity in halal products makes it challenging to determine strategies to achieve it. Halal brand equity is essential to gain a competitive advantage and significant margin opportunity. SEM path analysis tests hypotheses related to variables that affect Halal Brand Equity. This study involved 243 respondents. The test results show that Halal Brand Image affects Halal Brand Satisfaction and Halal Brand Trust. However, Halal Brand Satisfaction does not affect Halal Brand Equity. It also fails to mediate the effect of Halal Brand Image on Halal Brand Equity. The novelty of this research is that Halal Brand Loyalty successfully mediates the effect of Halal Brand Trust on Halal Brand Equity. So that to achieve Halal Brand Equity, companies should focus on Halal Brand Image, Halal Brand Trust, and Halal Brand Loyalty.

KEYWORDS: Halal Brand Equity, Halal Brand Image, Halal Brand Loyalty, Halal Brand Satisfaction, Halal Brand Trust, Halal Food.

Introduction

The Muslim population will reach 26.4% of the world population in 2030 (Pew Research Center, 2011). More than a quarter of the world population is Muslim. Hackett, et al. (2017) stated that it would become the largest in 2070. In addition, consuming halal products is a lifestyle that develops over time for Muslims and nonmuslim. It is because halal products are manufactured according to Islamic standards or laws (Gabriella & Kurniawati, 2021). Recently, many companies put much attention on Islamic branding due to the rapid increase in the Muslim population and the massive potential of the halal consumer market (Khan et al., 2021). The global halal food market showed significant growth. In 2009, it contributed 632 billion USD in sales, equal to 16% of the global food industry (Power and Abdullah, 2009). It is predicted to exceed 2 trillion USD in 2024 (Dubai Islamic Economy Development Centre, 2021). Many international companies have paid attention to this profitable opportunity, such as Nestle, Unilever, KFC, McDonald's, and Colgate-Palmolive (Izberk-Bilgin & Nakata, 2016). They have introduced halal products under Islamic sharia principles.

Indonesia had the largest Muslim population in the world in 2021, and it was projected to be the second largest Muslim population in 2030 after Pakistan, with 238,883,000 Muslims (Pew Research Center, 2011). Indonesia ranked fourth place in the Global Islamic Economy Indicator Score (DinarStandard, 2020). In terms of halal food, Indonesia ranked 4th after Malaysia, Singapore, and the Uni Arab Emirates. It rose to the eighth position due to the significant increase in halal food export to the Organisation of Islamic Cooperation member states.

Many companies and researchers have started focusing on the halal product. Brand equity is a capital of a company to increase its value. Achieving brand equity results in better competitive advantages and more significant margin opportunities (Khan et al., 2021). Especially in facing a competitive environment that Muslims dominate. Thus it is vital to identify the factors affecting brand equity in halal food products, such as brand image, brand trust, brand satisfaction, and brand loyalty. The previous research by Khan, et al. (2021) found no considerable effect of Halal Brand Trust on Halal Brand Equity. On the other hand, Nguyen Viet and Nguyen Anh (2021) found a positive effect of Brand trust on Brand Equity. This study's novelty is to analyze further the effect of Halal Brand Trust on Halal Brand Equity using Halal Brand Loyalty as a mediator.

According to Social Exchange Theory (SET), human relationships are based on an economic relationship where each party compares the sacrifice and benefit they get (Xia et al., 2021). Halal customers consider the brand they bought. Conversely, halal food companies need to identify factors that affect brand equity. Thus, this study uses SET as a fundamental theory to understand factors affecting halal brand equity.

Brand Equity is a set of an asset such as brand awareness, brand loyalty, and perceived quality that can add or subtract the value of a brand (Aaker, 1991; Khan et al., 2021). Regarding halal

context, Yulianto et al. (2021) stated that it is a single criterion used by the customer by eliminating their brand list that may not comply with halal commitment.

Brand Image is what customer's perception of a particular brand (Keller and Kotler, 2016). A customer has a better perception of satisfaction with a product with a positive brand image (Tu et al., 2012). Diputra, (2021) agrees with (Khan et al., 2021) that brand image has a positive effect on brand satisfaction.

Brand satisfaction is defined as the degree of happiness of customers because a particular brand can fulfill their needs and expectation (Ali et al., 2018). Satisfaction is a strong predictor of brand equity in the banking industry (Iglesias et al., 2019). Khan et al. (2021) agree with Basheer et al. (2017) that brand satisfaction has a positive effect on brand equity. Khan et al. (2021) also found that brand image has an effect on brand loyalty through brand satisfaction.

Brand trust is defined as the belief of a customer that a particular brand has the ability, goodness, and trustworthiness (Ali et al., 2018). In the context of halal, it means the customer's trust in a particular brand that can carry halal commitment. Khan et al. (2021) agree with (Abdullah, 2015) that brand image has a positive effect on brand trust.

Brand loyalty is defined as customer loyalty to a particular brand because of its value, even though many competitors offer the same features at a lower price (Ali et al., 2018). If a brand wants to obtain loyalty, first, it has to obtain the trust of the customer (Abdullah, 2015). Brand loyalty has a positive effect on brand equity (Hossien Emari, 2012). There is also a positive effect of brand trust on brand equity. Kim et al. (2021) found that brand trust has a positive effect on brand loyalty. In addition, brand loyalty is one of the dimensions of brand equity (Aaker, 1991). Those theories mentioned above are proven in traditional business. Thus in terms of halal context, this study proposes :

H1. Halal Brand Image has a positive effect on Halal Brand Satisfaction;

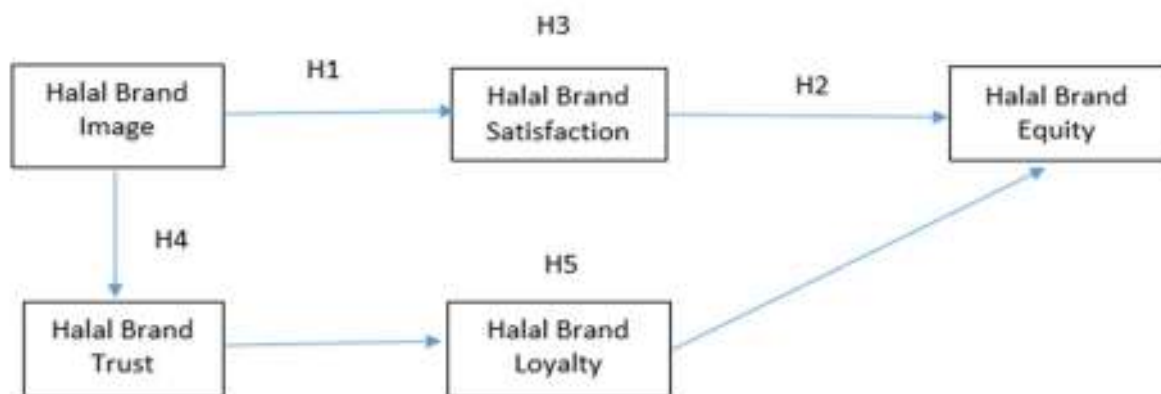*H2. Halal Brand Satisfaction has a positive effect on Halal Brand Equity;*

H3. Halal Brand Image has an effect on Halal Brand Equity through Halal Brand Satisfaction;

H4. Halal Brand Image has a positive effect on Halal Brand Trust;

H5. Halal Brand Trust has an effect on Halal Brand Equity through Halal Brand Loyalty.

Figure 1 Conceptual Framework

Method

The research design used in this study is causal research which examines a variable's causal relationship with another variable (Sekaran, U., & Bougie, 2016). This study used primary data, which used an online questionnaire on a 5-point Likert scale. This scale measures respondent perception and consists of 1-strongly disagree to 5-strongly agree. Design sampling used in this study is nonprobability sampling, where the respondent does not have an opportunity to be chosen as a sample subject. Purposive technique sampling is used in this study. Thus this study targeted the respondent who had the information needed by the researcher (Sekaran, U., & Bougie, 2016). The criteria set in this study are the customer of halal food brands, namely those who have repurchased the brand. According to (Hair et al., 2018), the sample size required is a minimum of 5 to 10 times the number of indicators. This study used 16 indicators, so the sample size that can be used is a minimum of 80 samples. This study involved 243 respondents. A confirmatory factor analysis (CFA) is used to test the validity using a 0.40 cutoff based on Hair et al., (2018). A Cronbach's Alpha is used to measure the reliability by using a 0.60 cutoff based on Ghozali (2007) in Kusumawati and Rahayu (2020). A goodness of fit test should be done to examine the fitness of the research model, according to Hair et al., (2018). By using AMOS, SEM path analysis is used to examine the hypothesis. Sobel Test helps this study to test the mediation (MacKinnon et al., 1995).

Result

This study involved 243 respondents. Most of respondent are male (56.6%), age ranging from 25-29 years old (39.1%). Majority of respondent are from Bachelor degree (47.3%). Most of the respondent are government workers with income per month of 5.000.000 – 10.000.000 IDR. Muslim contributes the largest respondent in this study (97.1%). Most of respondent has been using halal food brands for more than 5 years (93.4%). The detail of respondent's profile can be seen in Table 1.

Table 1 Respondent's Profile (n = 243)

Category	Frequency	Per cent (%)
Gender		
Male	135	56,6
Female	108	44,4
Age		
18-24 years	60	24,7
25-29 years	95	39,1
30-34 years	34	14,0
35-40 years	37	15,2
> 40 years	17	7
Education		
Junior High School	3	1,2
Senior High School	37	15,2
Diploma	74	30,5
Bachelor	115	47,3
Master	14	5,8
Occupation		
Student	35	14,4
Government worker	128	52,7
Private worker	46	18,9
Entrepreneur	16	6,6
Others	18	7,4
Income per month		
< 2.000.000,- IDR	52	21,4
2.000.000 – Rp. 5.000.000 IDR	43	17,7
5.000.000 – Rp. 10.000.000 IDR	78	32,1
> 10.000.000 IDR	70	28,8
Religion		
Islam	236	97,1
Catholic	2	0,8
Protestant	4	1,6
Confucianism	1	0,4
How long been using halal food brands …		
< 1 year	1	0,4
1-2 year	8	3,3
3-5 year	7	2,9
> 5 year	227	93,4

The validity test uses factor loading. Hair et al., (2018) recommended factor loading value cut-off for 200 samples is 0.40. The test resulted in factor loading of all indicators above ≥ 0.40; thus, all indicators are considered valid. The reliability test used in this study compares Cronbach's Alpha to the recommended cut-off value based on Ghozali (2007) in Kusumawati and Rahayu (2020) in the value of 0.60. All variables have Cronbach's Alpha ≥ 0.60 and thus are considered reliable. The further details of the validity and reliability test can be seen in Table 2.

Table 2 Validity and Reliability Test Result

Variable	Indicator	Factor Loading	Cronbach's Alpha	Source
Halal Brand Image	The halal food brand that I used …		0.833	Khan et al. (2021)
	is the best benchmark than others that have the halal commitment	0.803		
	has a good reputation among other halal food brands	0.836		
	answers all my halal concerns	0.839		
	can be trusted about its halal promises	0.790		
Halal Brand Satisfaction	I'm happy to take decision to choose my halal food brand due to its halal commitment	0.847	0.833	Khan et al. (2021)
	I believe that my halal food brand is right to be purchased due to its halal assurance	0.891		
	Overall, I feel satisfied with my halal food brand because of my halal consideration	0.859		
Halal Brand Trust	Regarding the halal food brand that I used …		0.852	Khan et al. (2021)
	I trust it	0.838		
	I rely on it	0.789		
	It is an honest brand	0.881		
	It is safe to be used	0.817		
Halal Brand Loyalty	I'm loyal only to halal food brand I purchased	0.915	0.798	Hossien Emari (2012)
	The halal food brand I used will be my first choice	0.915		
Halal brand equity	It makes sense to use this halal food brand than any other else due to its halal commitment even they are the same	0.788	0.838	Khan et al. (2021)
	Even if other halal food brands have the same halal features as this brand, I would prefer to buy this brand	0.914		
	If there is another halal food brand that has the same good performance, I would prefer to buy this brand	0.900		

A Goodness Fit Test should be done before proceeding into hypothesis testing. A model is considered fit if it has at least one good fit (Hair et al., 2018). The test resulted in 4 Good Fits. Thus, this model is considered fit.

Table 3 Goodness of Fit Test Result

| Types of Measurement	Measurement	Value	Acceptance Limit	Conclusion
Absolute fit indices	*RMSEA*	0,106	≤ 0,08	*Poor Fit*
	ECVI	1,821	Closer to saturated value than independence	*Good Fit*
Incremental fit indices	RMR	0,039	≤ 0,05	*Good Fit*
	IFI	0,893	≥ 0,90 or closer to 1	*Marginal FIt*
	NFI	0,859	≥ 0,90 or closer to 1	Marginal Fit
	TLI	0,869	≥ 0,90 or closer to 1	Marginal Fit
	CFI	0,892	≥ 0,90 or closer to 1	Marginal Fit
	RFI	0,829	≥ 0,90 or closer to 1	*Marginal Fit*
Parsimonious fit indices	CMIN/DF	3,704	Lower limit 1, upper limit 5	*Good Fit*
	AIC	440,741	Closer to saturated value than independence	*Good Fit*

Table 4 Direct Hypothesis Test Result

Hypotheses	Estimate	p-value	Conclusion
H1. Halal Brand Image X Halal Brand Satisfaction	0,850	0,000	Supported
H2. Halal Brand Satisfaction X Halal Brand Equity	0,071	0,244	Not supported
H4. Halal Brand Image X Halal Brand Trust	0,781	0,000	Supported

Table 5 Mediation Hypothesis Test Result

Hypotheses	Test Statistic	p-value	Conclusion
H3. Halal Brand Image X Halal Brand Satisfaction ⮕ Halal Brand Equity	0,603	0,545	Not supported
H5. Halal Brand Trust X Halal Brand Loyalty X Halal Brand Equity	4,769	0,000	Supported

Figure 2 Output of Structural Equation Modelling (SEM)
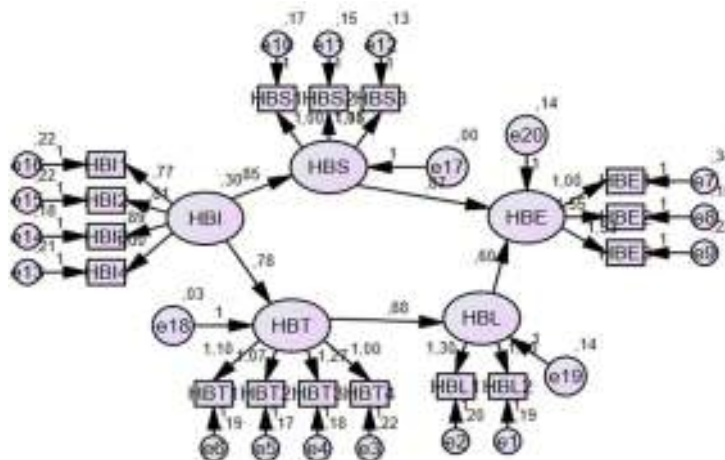
Discussion

The SEM resulted in H1 p-value of 0,000 ≤ 0,05 and an estimate value of 0.850; thus, Halal Brand Image has a positive effect on Halal Brand Satisfaction. It supports the findings of Khan et al. (2021) and Dam and Dam (2021). This shows that a brand with a better image will result in better customer satisfaction. H2 resulted in a p-value of 0.244 > 0.05; thus, there is no considerable effect of Halal Brand Satisfaction on Halal Brand Equity. It contradicts the finding of Khan et al. (2021) but supports the finding of Šerić and Gil-Saura (2019). H4 resulted in a p-value of 0,000 ≤ 0,05 and estimate value of 0.781; thus, Halal Brand Image has a positive effect on Halal Brand Trust. It supports the finding of (Khan et al., 2021) and Hadinata (2020). Trust is the degree of customers toward a particular brand. It also convinces customers to purchase halal food brands. Based on the Sobel test result, H3 has a p-value of 0.545 > 0,05; thus, Halal Brand Satisfaction fails to mediate the effect of Halal Brand Image on Halal Brand Equity. This contradicts the finding of Khan et al. (2021). The last hypothesis resulted in a p-value of 0,000 ≤ 0,05; thus, Halal Brand Loyalty successfully mediates the effect of Halal Brand Trust on Halal Brand Equity. The last hypothesis is the novelty of this study.

Conclusion

This study involved 243 respondents of halal food brand customers. It proposed five hypotheses. The finding showed that halal brand image has a positive effect on Halal Brand Satisfaction. Halal Brand Satisfaction is also proved positively affect Halal Brand Trust. The study found no considerable effect of Halal Brand Satisfaction on Halal brand Equity. Halal Brand Satisfaction also fails to mediate the effect of Halal Brand Image on Halal Brand Equity. The novelty of this study is that Halal Brand Loyalty successfully mediates the effect of Halal Brand Trust on Halal Brand Equity. Based on this study, the right marketing strategy for achieving Halal Brand Equity is to focus on Halal Brand Image, Halal Brand Trust, and Halal Brand Loyalty instead of Halal Brand Satisfaction. This study only examines halal food brands in general. Thus, future research may compare certain halal food brands. This halal concept can also be used in other industries such as halal tourism, halal cosmetics, halal drinks, halal banking, etc.). Heterogeneity is essential to understanding consumer behavior. Most of the respondents of this study are Muslim. Many previous research findings also showed that nonmuslims accept halal food brands due to their better quality (Arifin et al., 2021), better cleanliness (Madinah et al., 2020), better health and hygiene (Mathew et al., 2014), and better animal welfare treatment (Haque et al., 2015). Thus, conducting a study with larger nonmuslim respondents would be more interesting. In addition, a respondent with low halal literacy tends to ignore the written information about the product. Thus, future research may add Halal Brand Literacy. This variable affects customers' thinking style when purchasing a halal product. This study is cross-sectional, thus longitudinal research may be used to understand better the dynamic changes in consumer behavior regarding halal product consumption over time.

Reference

Aaker, David A. 1991. *Managing Brand Equity : Capitalizing on the Value of a Brand*.

Abdullah, Alhaddad. 2015. "A Structural Model of The Relationships between Brand Image, Brand Trust and Brand Loyalty." *International Journal of Management Research & Review* 5(3):137–45.

Ali, Afzaal, Guo Xiaoling, Mehkar Sherwani, and Adnan Ali. 2018. "Antecedents of Consumers' Halal Brand Purchase Intention: An Integrated Approach." *Management Decision* 56(4):715–35. doi: 10.1108/MD-11-2016-0785.

Arifin, Anang, Ferdinand Wyman, Shintawati, and Roozbeh Babolian Hendijani. 2021. "An Investigation of the Aspects Affecting Non-Muslim Customers' Purchase Intention of Halal Food Products in Jakarta, Indonesia." *Future of Food: Journal on Food, Agriculture and Society* 9(2):1–13. doi: 10.17170/kobra-202102163257.

Basheer, Muhammad Farhan, Shahid Nadeem, Muhamamd Azeem, and Asif Mahmood. 2017. "Impact of Customer Satifaction on Brand Equity under the Influence of Brand Trust." *EPRA International Journal of Research and Development*.

Dam, Sao Mai, and Tri Cuong Dam. 2021. "Relationships between Service Quality, Brand Image, Customer Satisfaction, and Customer Loyalty." *Journal of Asian Finance, Economics and Business* 8(3):585–93. doi: 10.13106/jafeb.2021.vol8.no3.0585.

DinarStandard. 2020. "State of the Global Islamic Economy Report." *Salaam Gateway*.

Dubai Islamic Economy Development Centre. 2021. *Halal Industry*.

Gabriella, Sarah, and Kurniawati. 2021. "Anteseden Halal Purchase Behavior." *Benefit: Jurnal Manajemen Dan Bisnis* 6(2):25–49.

Gstngr, I., Arya Wigunamaha Diputra, and Ni Nyomankerti Yasa. 2021. "PP 25-34 *Corresponding Author: I GstNgr Arya WigunaMaha Diputra." *American International Journal of Business Management (AIJBM)* 4(01):25–34.

Hackett, Conrad, Marcin Stonawski, and David McClendon. 2017. "The Changing Global Religious Landscape." *Pew Research Center* 1–45.

Hadinata, Yustinus. 2020. "The Effect of Perceived Quality and Brand Image on Brand Trust and Brand Loyalty Yamaha Mio in Surabaya." *JOURNAL of RESEARCH in ECONOMICS and MANAGEMENT* 19(1):1–10.

Hair et al. 2018. "Multivariate Data Analysis, 8th Edn London: Cengage.[Google Scholar]."

Haque, Ahasanul, Abdullah Sarwar, Farzana Yasmin, Arun Kumar Tarofder, and Mirza Ahsanul Hossain. 2015. "Non-Muslim Consumers' Perception toward Purchasing Halal Food Products in Malaysia." *Journal of Islamic Marketing*.

Hossien Emari. 2012. "The Mediatory Impact of Brand Loyalty and Brand Image on Brand Equity." *African Journal of Business Management* 6(17):5692–5701. doi: 10.5897/ajbm11.788.

Iglesias, Oriol, Stefan Markovic, and Josep Rialp. 2019. "How Does Sensory Brand Experience Influence Brand Equity? Considering the Roles of Customer Satisfaction, Customer

Affective Commitment, and Employee Empathy." *Journal of Business Research* 96(May 2018):343–54. doi: 10.1016/j.jbusres.2018.05.043.

Izberk-Bilgin, Elif, and Cheryl C. Nakata. 2016. "A New Look at Faith-Based Marketing: The Global Halal Market." *Business Horizons* 59(3):285–92. doi: 10.1016/j.bushor.2016.01.005.

Keller, K. L., Kotler, P., & Manceau, D. 2016. *Marketing Management (15e Ed.)*. 15e ed. England: Pearson Education Limited.

Khan, Mussadiq Ali, Sharizal Bin Hashim, Asim Iqbal, Muhammad Yaseen Bhutto, and Ghulam Mustafa. 2021. "Antecedents of Halal Brand Equity: A Study of Halal Food Sector of Malaysia." *Journal of Islamic Marketing* (June). doi: 10.1108/JIMA-01-2021-0012.

Kim, Soon-Ho, Minseong Kim, Stephen Holland, and Kyle M. Townsend. 2021. "Consumer-Based Brand Authenticity and Brand Trust in Brand Loyalty in the Korean Coffee Shop Market." *Journal of Hospitality & Tourism Research* 45(3):423–46.

Kusumawati, Andriani, and Karisma Sri Rahayu. 2020. "The Effect of Experience Quality on Customer Perceived Value and Customer Satisfaction and Its Impact on Customer Loyalty." *The TQM Journal* 32(6):1525–40. doi: 10.1108/TQM-05-2019-0150.

MacKinnon, David P., Ghulam Warsi, and James H. Dwyer. 1995. "A Simulation Study of Mediated Effect Measures." *Multivariate Behavioral Research* 30(1):41–62.

Madinah, Hana Meka, Indarini Indarini, and Dudi Anandya. 2020. "Non-Moslem Consumers Perception Toward Purchasing Halal Food Product." *Journal of Entrepreneurship & Business* 1(1):1–10. doi: 10.24123/jerb.v1i1.2819.

Mathew, Vloreen Nity, Ardiana Mazwa Raudah binti Amir Abdullah, and Siti Nurazizah binti Mohamad Ismail. 2014. "Acceptance on Halal Food among Non-Muslim Consumers." *Procedia - Social and Behavioral Sciences* 121:262–71. doi: 10.1016/j.sbspro.2014.01.1127.

Nguyen Viet, Bang, and Tuan Nguyen Anh. 2021. "The Role of Selected Marketing Mix Elements in Consumer Based Brand Equity Creation: Milk Industry in Vietnam." *Journal of Food Products Marketing* 27(2):72–88. doi: 10.1080/10454446.2021.1892007.

Šerić, Maja, and Irene Gil-Saura. 2019. "Understanding Brand Equity in Hotel Firms. What Is the Role of Brand Loyalty and Satisfaction?" *International Journal of Contemporary Hospitality Management* 31(9):3526–46. doi: 10.1108/IJCHM-06-2018-0516.

Tu, Yu-Te, and . Hsiao-Chien Chang. 2012. "Corporate Brand Image and Customer Satisfaction on Loyalty: An Empirical Study of Starbucks Coffee in Taiwan." *Journal of Social and Development Sciences* 3(1):24–32. doi: 10.22610/jsds.v3i1.682.

Xia, Jiabei, Tailai Wu, and Liqing Zhou. 2021. "Sharing of Verified Information about COVID-19 on Social Network Sites: A Social Exchange Theory Perspective." *International Journal of Environmental Research and Public Health* 18(3):1–12. doi: 10.3390/ijerph18031260.

Yulianto, Heru, Yohanes Sutomo, Dyah Palupiningtyas, and Krisnawati Setyaningrum Nugraheni. 2021. "Investigating the Role of Interactive Social Media and Halal Brand Equity on Purchase Decision-Making: Direct and Indirect Effects."

THE IMPLICATIONS OF DIGITAL INNOVATION AND ANALYSIS OF THE RELATIONSHIP BETWEEN ECONOMIC GROWTH, THE WORK FORCE AND INFLATION IN INDONESIA

Yolanda Sari

Faculty of Economic and Business, University of Muhammadiyah Jambi, Indonesia

Syilvia Wenny J

Faculty of Economic and Business, University of Muhammadiyah Jambi, Indonesia

Etik Winarni

Faculty of Economic and Business, University of Muhammadiyah Jambi, Indonesia

Mustika

Faculty of Economic and Business, University of Muhammadiyah Jambi, Indonesia

Email Correspondence: yolandasari@umjambi.ac.id

ABSTRACT

The purpose of this study is to analyse the implications of digital innovation of economic growth, labour force and inflation based on a literature study and analyse the relationship between economic growth, labour force and inflation in Indonesia. This study used secondary data obtained from the World Bank in the form of annual data with a quantitative descriptive approach using the Vector Error Correction Model (VECM). The results showed that there was no causal relationship between the labour force and economic growth nor was there a causal relationship between inflation and economic growth, but there was a one-way relationship between labour force and inflation, namely inflation affects the labour force. In the short term, there was no single variable that had a significant influence on economic growth. The labour force on economic growth in 2000-2021 in the short term had a positive and insignificant impact, while inflation on economic growth in 2000-2021 in the short term had a negative and insignificant impact, but in the long term inflation had a positive and significant impact.

KEYWORDS: Digital Innovation, Economic Growth, Force Labor, Inflation, VECM

Introduction

Currently, digital innovation has grown and developed in various fields of people's lives, such as the economy, education, health, banking, transportation, and many other fields. Digital innovation in the economic field or known as the digital economy has an impact on economic activity covering various aspects. This study tries to analyse the implications of digital innovation, especially related to macroeconomic variables, such as economic growth, labour force and inflation. High economic growth is one of the development priorities because it is one of the successes of development. The indicator used to determine the economic condition of a country in a certain period is indicated by data on the rate of economic growth or the rate of Gross Domestic Product (GDP). Indonesia's economic growth data from 2000 to 2021 showed that Indonesia's economic growth had fluctuated where the highest economic growth in 2007 was 6.35 percent and the lowest economic growth occurred in 2020, which was -2.07 percent or a decline in economic growth of 2.07 percent in 2020 as the impact of the Covid-19 pandemic that occurred in Indonesia.

Several factors that influence economic growth are population and labor. Economic growth is relatively increasing every year and this will also affect the growth of the workforce. The growth of the workforce in Indonesia also continues to increase every year. In 2021 the number of the workforce in Indonesia reached 139.164.551 people. Good economic growth also needs to be supported by controlled inflation. Lubis (2014) stated that inflation should be controlled so that inflation can have a positive impact on economic growth. When inflation increases it will cause a decrease in the level of investment because an increase in inflation will encourage an increase in interest rates, the increase in interest rates will in turn push investment, causing investment to decline. A decrease in investment means a decrease in production capacity which has an impact on reducing public consumption. The decline in public consumption also means a decrease in aggregate demand (consumption demand), when aggregate demand decreases, this causes the rate of economic growth to decline. So inflation has a negative effect on economic growth. Inflation reduces economic inefficiency because it distorts prices and price signals, when inflation is high it will be difficult to distinguish changes in relative prices and changes in overall prices. Data showed that the highest inflation in Indonesia during the period 2000-2021 occurred in 2006 at 13.11 percent. High inflation was caused by the increase in fuel oil (BBM) and the increase in real interest rates.

Indonesia's economic growth and inflation conditions fluctuated from 2000 to 2021, while the number of Indonesia's labour force continued to increase during the 2000-2021 period. In 2002, when economic growth increased from the previous year, which was 4.5 percent, inflation in Indonesia also increased from the previous year, which was 11.9 percent, while in 2009, when economic growth declined, the inflation rate also declined. In 2012, it happened again when economic growth decreased from the previous year which was 6.03 percent,

inflation in Indonesia also fell by 4.28 percent. Likewise in 2020, when economic growth decreased by -2.07 percent, inflation also decreased by 1.56 percent. This caused a phenomenon when Indonesia's economic growth increased, inflation also increased or when Indonesia's economic growth decreased, inflation also decreased. This was not in accordance with the theory, if economic growth increases, inflation will decrease and if economic growth increases, it means that the production process will also increase and will absorb a lot of labour to produce production output, which in the end will also have an impact on increasing the number of the workforce.

Based on the description above, in analysing the implications and relationships between variables, it is necessary to analyse the implications of digital innovation based on a literature study and analyse whether there is a long-term relationship and a reciprocal relationship (causality) between economic growth, labour force and inflation in Indonesia.

Related Literature

Digital Innovation and Economic Growth

Economic growth is the process of changing the economic conditions of a country on an ongoing basis towards a better state over a certain period. There are three basic components needed in the economic growth of a nation: 1) The continuous increase in the supply of goods, 2) advanced technology as the main factor that determines the degree of growth in providing a variety of goods to the population, 3) the widespread and efficient use of technology requires adjustments in the institutional and ideological fields, so that the innovations produced by science and technology can be utilized appropriately (Hasyim, 2017).

The implications of digital innovation and the digital economy cannot be easily measured, causing mismeasurements in the calculation of GDP. The GDP measurement is carefully designed to reflect the level of market economic activity (value added) in the economy including from free digital services (Ahmad & Schreyer, 2016).

Development (2013) classifies approaches to measuring the economic impact of the digital economy into: 1) The direct impact approach by measuring the digital economy as a part of GDP growth, 2) The dynamic impact approach, measuring the digital impact on all industries that affect productivity and GDP growth, 3) Indirect approach, measuring the effect of digital on economic phenomena, such as consumer surplus or how digital contributes to social welfare.

Direct digital economy impacts are part of GDP such as consumption, investment, government spending, and net exports. The dynamic impact of the digital economy on economic growth as companies actively seek solutions using digital that help in cutting costs and increasing revenue. Nakamura et al. (2017) developed an experimental method to be able to value digital

content from a production perspective that combines marketing and advertising content and the impact of free digital content on US GDP which has been accelerating, especially since 2005.

In Indonesia, the development of digital technology has the potential to increase productivity and economic growth in the future. Das et. al (Das et al., 2016) reports that the use of digital technology can increase productivity which is estimated to have an additional impact of up to USD 120 billion on the Indonesian economy by 2025. The use of technology in finance is expected to increase productivity. The increase in productivity comes from reduced operational costs and digital technology also provides new product innovation and increased sales. Increasing productivity through digital technology will penetrate the financial, manufacturing, retail and transportation sectors. Digital technology also has the potential to add employment to 3.7 million workers and increase Indonesia's GDP to 35 billion US dollars by 2025.

Digital Innovation and Inflation

According to Nopirin (2016) inflation is the process of increasing general prices of goods continuously. This does not mean that the prices of various goods increase by the same percentage, there is an increase but not simultaneously during a certain period.

Low inflation in developed countries, indicated by global factors such as import prices, global output gaps, and integration of trade and production, but does not completely lead to low inflation, there are other factors that are new transmissions suspected of causing low inflation, namely economic digitalization. Digitalization affects inflation through three main transmission channels: 1) directly, through its effect on the prices of goods and services related to ICT (information and communication technology), 2) by changing market structures and the level of competition in certain sectors, 3) by influencing productivity and various labour requirements.

The first channel is through the price index. Two studies conducted by Durand (2016) and Schreyer (2017) state that price measurement is a new challenge for many statistical recording bureaus due to the development of new goods, the addition of new services, as well as products that are tailored to customer desires/tastes (customization) and goods that have similarities but with a different quality. In addition, as products undergo customization, price changes become more difficult to measure and the increase in the number of free digital products such as mobile applications and online travel bookings, is not well recorded in nominal GDP.

The second channel that can affect inflation is the effect of market structure and competition. The market structure changes and consumer preferences shift, the next stage of changing the structure will lead to changes in the rate and behaviour of inflation.

Digitization can also affect to the inflation by lowering a company's operating costs due to the advantages of efficiency, automation and new business models. Digital technology increases productivity by saving labour which will ultimately be affected by inflation and depends largely on which effect dominates.

Digital Innovation and Workforce

The labour is the working age population (aged 15-64 years) or the number of residents in a country who can produce goods and services if there is a demand for their labour and if they want to participate in these activities, while the labour force is the productive age population aged 15 -64 years old who already have a job, but are temporarily out of work or who are actively looking for work. The working population by business field is the economic sector that absorbs the most labour. Along with the development of technology in Indonesia, the use of the digital economy has opened up new business spaces, especially in the digital world. In the service sector, there are several providers of transportation service applications that are growing rapidly. This will affect to employment opportunities and changes in employment relationships. The digital economy has the potential to increase the number of jobs which in turn will increase the number of the workforce.

Research conducted by Demografi (2017) aims to measure the impact of Go-Jek on the Indonesian economy and is a survey involving more than 7500 respondents. The survey questions are aimed at answering service quality, increasing income before and after joining Go-Jek and various other variables. This study concludes that with Go-Jek motorbikes reduce unemployment pressure by expanding job opportunities. However, this research is a survey in nature so it is limited to respondents' opinions on the impact of Go-Jek's services on several economic variables and it is not yet known whether Go-Jek's impact applies as a whole to macro variables related to labour.

In the case of Indonesia, Go-Jek is a pioneer in the use of online technology in transportation services that connects not only people in need and motorcycle taxi drivers, but also between the community and MSMEs. Until February 2018, Go-Jek was able to absorb approximately 1.16 million active drivers with 69.5 percent of them being Go-Jek motorbike drivers.

Model Vector Error Correction Model (VECM Model)

VECM is an econometric analysis model that can be used to determine the short-term behavior of a variable against the long-term, due to a permanent shock (Ajija et al., 2011). The assumption that must be met in the VECM analysis is that all independent variables must be stationary. This is indicated by all the residues being white noise, which has zero mean, constant variance, and there is no correlation between the dependent variables. Stationary test can be done by testing the presence or absence of unit root in the variable with Augmented Dickey Fuller (ADF) test. This data stationarity test is important because the

presence of a unit root will result in a spurious regression. The approach taken to overcome the spurious regression equation is to differentiate the endogenous and exogenous variables. Thus, a stationary variable with degree I(n) will be obtained.

Stationary data through differentiation only is considered insufficient, the existence of cointegration or long-term and short-term relationships in the model must also be considered. Detection of the presence of this cointegration can be done by the Johansen or Engel-Granger method. If the variables are not cointegrated and stationary on the same order, then standard VAR can be applied which results will be identical to OLS. However, if the test proves that there is a cointegration vector, then ECM can be applied for single equations or VECM for system equations.

Method

The type of data used in this study is secondary data in the form of time series data, namely annual data on economic growth, labour force and inflation in Indonesia for the period 2000-2021. The data source is obtained from the official website of the world bank. The method used in this research is Vector Error Correction Model (VECM) analysis to model the three variables. The stages in the VECM analysis are as follows:

1. Unit Root Test (stationarity check)
   VECM modelling is based on time series data which is not stationary but cointegrated. To check the stationarity of the data can be used unit root test using Augmented Dickey Fuller (ADF) test statistic (Rosadi, 2012).
   ADF t-statistics > all critical values (1%, 5% and 10%) can mean the data is not stationary, but if ADF t-statistics < all absolute critical values or p-values are less than the significance value, then it can be the stationary data.
2. Optimal Lag
   The lag check is used to determine the optimal lag length that will be used in the next analysis and will determine the parameter estimation for the VECM model (Widarjono, 2017).
3. Cointegration Test
   The next test is the cointegration test. Cointegration test is interpreted as a long-term equilibrium relationship between variables (Faisal & Ichsan, 2020). If:
   Trace test > critical value when, or p value < significance value then there is a cointegration equation.
4. Causality Analysis
   Causality analysis aims to see the long-run causality and short-run causality. Analysis of the long-term causality relationship between variables in the VECM modelling can be seen in the coefficients of the error correction term (ECT), which is based on the sign and the results of the t test on the Ordinary Least Square (OLS) method. Meanwhile, for short-term

causality analysis for each variable, Granger causality test can be used. The Granger causality test is based on the Wald test statistic with a chi square distribution or the F test as an alternative (Lütkepohl, 2011).

5. Model Estimation and Structural Analysis (impulse response and variance decomposition)

The estimation of the VECM model is similar to the estimation and structural of the VAR model. In the VAR model, the analysis uses impulse response analysis and variance decomposition (Lütkepohl, 2011). Impulse response analysis aims to see the effect of each variable (endogenous) if given a shock or impulse (shock), while variance decomposition analysis aims to predict the contribution of each variable (percentage variance of each variable) caused by changes in certain variables in a system.

Result

1. Unit Root Test (Augmented Dickey Fuller)

The first step in this procedure was to perform a unit root test. The results obtained were as shown in Table 1 below.

Table 1. Unit Root Test (Augmented Dickey Fuller)

Variabel	Nilai Kritis (α)	Level		First Difference	
		ADF-statistic	*p-value*	*ADF-statistic*	*p-value*
GDP	5%	-2.337168	0.1704	-6.224767	0.0001
		-3.012363		-3.020686	
FL	5%	1.338148	0.9979	-3.985582	0.0073
		-3.012363		-3.029970	
INF	5%	-2.401384	0.1532	-6.761106	0.0000
		-3.012363		-3.020686	

Source: Results Eviews 12, 2022

Description: GDP: Economic Growth

FL : Labour Force

INF : Inflation

Based on Table 1 above, economic growth, labour force and inflation were data containing unit roots at the level or not stationary at the level because the p-value of each variable was greater than (5%). The results of the first differentiation showed that the data was stationary, it could be seen that each variable was smaller than (5%) meant that the data did not contain unit roots or is stationary.

2. Optimal Lag

In determining the optimal lag, values from Likelihood Ratio (LR), Final Prediction Error (FPE), Akaike Information Criterion (AIC), Schwarz Information Criterion (SC), and Hannan-Quin Criterion (HQ) were used. Here are the results of the optimal lag test:

Table 2. Optima Lag Test Results

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-398.4269	NA	4.51e+14	42.25547	42.40459	42.28070

1	-342.7588	87.89702*	3.38e+12*	37.34303*	37.93952*	37.44398*
2	-341.1240	2.064979	8.03e+12	38.11832	39.16217	38.29498
3	-331.5860	9.036060	9.67e+12	38.06168	39.55290	38.31406

Source: Results Eviews 12, 2022

The purpose of the optimal lag test was to eliminate the autocorrelation problem in the VAR system, so that the autocorrelation problem did not reappear. In Table 2 it could be seen that the LR, FPE, AIC, SC and HQ criteria that met the optimal lag length were at lag 1.

3. Cointegration Test

The cointegration test method in this study used the Johansen cointegration test by looking at the trace statistics. This test was to determine whether there is a long-term effect for the variables studied. If there was a cointegration, then the VECM step could be continued.

Table 3. Cointegration Test Results

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.
None*	0.706397	53.31403	42.91525	0.0034
At most 1*	0.579282	28.80350	25.87211	0.0210
At most 2	0.436948	11.48766	12.51798	0.0739

Source: Results Eviews 12, 2022

Based on Table 3, the Trace Statistics value for None and At most 1 was greater than the Critical Value with a significance level of five percent with a probability value less than five percent significance, meant that there was a cointegration equation. Thus, between the variables of economic growth, labour force and inflation had a long-term equilibrium relationship and movement in the long run. This also meant that research could be continued using the VECM model.

4. Causality Analysis

Causality analysis in this study used the Granger Causality Test with a significance level of five percent. The presence or absence of causality could be seen from the magnitude of the probability. If the probability was less than 0.05 then there was causality between variables.

Table 4. Granger Causality Test Results

Null Hypothesis:	Obs	F-Statistic	Prob.
FL does not Granger Cause GDP	21	1.90046	0.1849
GDP does not Granger Cause FL		0.52686	0.4773
INF does not Granger Cause GDP	21	1.16114	0.2955
GDP does not Granger Cause INF		0.22448	0.6413
INF does not Granger Cause FL	21	0.85864	0.3664
FL does not Granger Cause INF		21.9756	0.0002

Source: Results Eviews 12, 2022

The variable of economic growth does not significantly affect the labour force, and vice versa, the variable of the labour force also does not significantly affect the variable of

economic growth. This can be seen from the probability value of each being greater than 0.05, so that there was no causality between the two variables of economic growth and the labour force. The variable of economic growth was not statistically significant in influencing inflation and vice versa, the variable of inflation did not significantly affect the variable of economic growth as evidenced by the probability value of each of which was greater than 0.05 so that there was no causality between the variables of economic growth and inflation.

The labour force variable did not statistically affect the inflation variable, but the inflation variable significantly affected the labour force variable, this can be seen from the probability value which was smaller than 0.05, meant that there was a one-way causality between the labour force variable and inflation. Thus, inflation affected the labour force, if more of the workforce was unemployed, the production process will be hampered and result in reduced purchasing power, resulting in scarce production goods and inflation. With the digital economy, it is hoped that more people will use technology to improve their economy so that workers are no longer unemployed and the production process can run, which in turn can control inflation.

5. Model Estimation and Structural Analysis *VECM Estimation Results*

The results of the VECM estimation are short-term and long-term relationships between economic growth, labour force and inflation.

Table 5. Short-term VECM Estimation Results

Variable	Coefficient	t-Statistics	t-Table
CointEq1	-0.175328	[-0.96562]	
D(GDP(-1))	-0.388666	[-1.78072]	2.07961
D(FL(-1))	0.659072	[2.04912]	
D(INF(-1))	-0.162282	[-0.76601]	

Source: Results Eviews 12, 2022

In Table 5, the short-term VECM estimation results showed that the labour force (FL) and inflation (INF) variables at lag 1 had no significant effect on the economic growth variable (GDP) because the t-statistic value was smaller than the t-table.

Table 6. Long-Term VECM Estimation Results

| Variable	Coefficient	t-Statistics	t-Table
FL(-1)	-4.20E-09	[-0.46899]	2.07961
INF(-1)	-0.473742	[-4.58674]	

Source: Results Eviews 12, 2022

Based on Table 6, in the long run only inflation variable (INF) affected economic growth with a t-statistic value greater than t-table. The inflation variable had a positive and significant effect on the economic growth variable, meant that if there was an increase in inflation, then economic growth will also increase in the long term.

6. *Structural Analysis Impulse Response Function (IRF)*

IRF analysis can see the long-term dynamic response of each variable if there is a certain shock and also serves to see how long the influence lasts until the effect disappears and converges again.

Figure 1. IRF between Economic Growth, Labor Force and Inflation
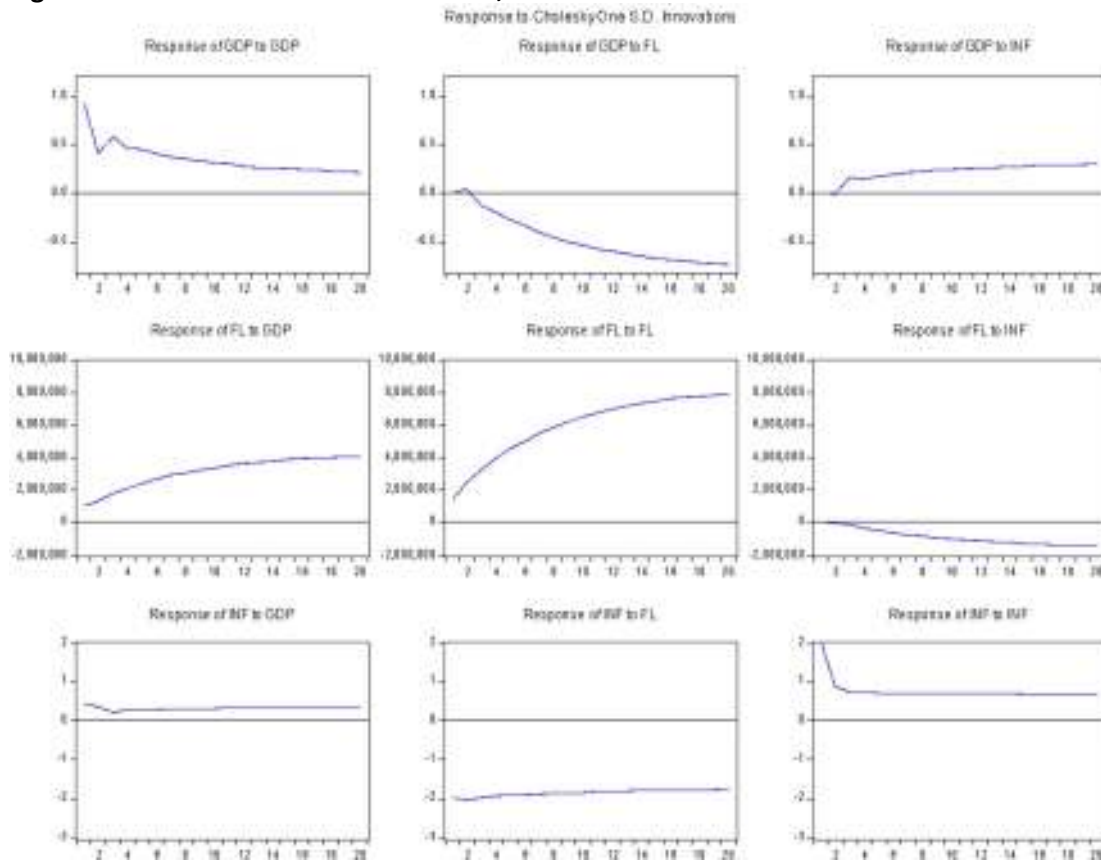
Source: Results Eviews 12, 2022

Figure 1 shows the IRF between economic growth, labour force and inflation. First, the response of economic growth to the labour force (response of GDP to FL) shows that the response of the labour force initially increased until the third period, then a shock occurred in the workforce so that the response began to decline and shrink to below the horizontal line which indicates the labour force has a negative impact. Economically, it can be concluded that the realization of the labour force in Indonesia has changed, tends to decline and has a negative impact.

The second response of economic growth to inflation (response of GDP to INF) shows that in the second to third period inflation is below the horizontal line which indicates that this variable has a negative impact, then in the fourth period inflation begins to fluctuate and is above the horizontal line with tendency to increase, in the seventeenth period inflation has begun to stabilize. Economically, it can be concluded that inflation in Indonesia has experienced positive and negative changes from year to year.

The third is the response of the labour force to economic growth (response of FL to GDP). The results of the IRF analysis show that changes / shocks that occur in economic growth are always responded positively. From the first period to the twentieth period, economic growth continued to increase. Economically, it can be concluded that the realization of economic growth in Indonesia has changed from year to year.

Fourth is the response of the labour force to inflation (response of FL to INF). The results of the IRF analysis show that changes/shocks that occur in inflation have a negative response and tend to continue to decline from the first to the twentieth period. Economically, it can be concluded that the realization of inflation in Indonesia always experiences negative changes from year to year.

Fifth is the response of inflation to economic growth (response of INF to GDP). The results of the IRF analysis show that the changes / shocks that occurred in economic growth responded positively and were above the horizontal line, from the first period to the third period economic growth decreased then economic growth increased again in the fourth period and moved steadily until the second period. twenty. Economically, it can be concluded that the realization of economic growth in Indonesia is stable and has a positive response to inflation from year to year.

The sixth is the inflation response to the labour force (response of INF to FL). The results of the IRF analysis show that changes / shocks that occur in the workforce have a negative response and are below the horizontal line and tend to continue to increase. In the fifth to eighth period, the labour force continues to increase and in the ninth to twentieth period it moves steadily, but remains below the horizontal. Economically, it can be concluded that the realization of the labour force in Indonesia has a negative response to inflation and continues to increase from year to year.

Variance Decomposition
Analysis of variance decomposition is an analytical tool that provides information about the proportion of the movement of the influence of shock on one variable to other variables at this time and in the future period and measures the contribution or composition of the influence of each independent variable on the dependent variable.

Table 7. Result of Variance Decomposition of GDP

Variance Period	S.E.	GDP	FL	INF
1	0.911344	100.0000	0.000000	0.000000
2	1.001976	99.83272	0.156792	0.010493
3	1.175265	96.77538	1.277261	1.947362
4	1.282196	93.88601	3.311888	2.802098
5	1.397819	89.21221	6.789523	3.998265
6	1.506584	83.91200	11.06214	5.025851
7	1.618360	78.15450	15.83719	6.008310
8	1.731452	72.37388	20.75445	6.871672
9	1.846791	66.79249	25.57915	7.628361
10	1.963673	61.56854	30.15509	8.276368
11	2.081662	56.77466	34.39783	8.827507
12	2.200141	52.43409	38.27278	9.293128
13	2.318586	48.53668	41.77751	9.685816
14	2.436528	45.05431	44.92870	10.01699
15	2.553578	41.95024	47.75290	10.29686
16	2.669429	39.18512	50.28077	10.53411
17	2.783838	36.72044	52.54350	10.73605
18	2.896627	34.52031	54.57096	10.90874
19	3.007666	32.55226	56.39060	11.05714
20	3.116868	30.78750	58.02716	11.18534

Source: Results Eviews 12, 2022

Based on Table 7, to see the effect of the variables of economic growth, labour force and inflation, it can be seen that in the first period, the variable of economic growth is influenced by the variables themselves, but with increasing period, other variables begin to affect although the magnitude is not as big as the effect of the economic growth rate itself. As the period increases, the ability of the labour force to influence economic growth increases, while the ability of inflation to influence economic growth decreases. Among the two variables that contribute to economic growth, namely the labour force and inflation, the labour force variable is more capable in explaining economic growth than inflation. This is evident from the percentage of variance decomposition of economic growth to the labour force which continued to increase until the 20th period, reaching 58.03 percent, while economic growth to inflation, its contribution only reached 11.19 percent.

Discussion

Labor Force on Economic Growth in Indonesia

The results of the Granger causality test showed that there was no causal relationship between the labour force and economic growth and the results of the IRF test indicated that the labour force has changed and had a negative impact. This is because the increase in the number of the workforce if it is not followed by an increase in job opportunities or the number of the workforce cannot be distributed as a whole to a large enough job field and the small absorption of labour results in a low growth rate of job creation to accommodate workers who

are ready to work, which in turn causes the number of unemployed to increase, if unemployment increased it will have an impact on economic growth in Indonesia which will decline. With the digital economy, such as the existence of application service providers for transportation services, the presence of e-commerce which is an opportunity for micro, small and medium enterprises (MSMEs), it is hoped that more workers will be created and job opportunities will be wider and increase job opportunities and reduce unemployment, so that economic growth will increase.

Inflation on Economic Growth in Indonesia

Based on the results of the Granger causality test, there was no causal relationship between inflation and economic growth. The results of the IRF test showed that inflation in Indonesia underwent changes that had negative and positive impacts and moved steadily until the end of the period. This is in accordance with the research conducted by Quartey (2010) which uses the Johansen method to investigate whether there is an impact of maximizing income from inflation on economic growth in Ghana, the result was that there was a negative impact of inflation on economic growth. Research conducted by Umaru and Zubairu (2012) reveals that inflation had a positive impact on economic growth, through productivity and output levels.

Labor Force on Inflation in Indonesia

Granger Causality test results showed that there was a one-way relationship between the labour force and inflation with inflation affecting the labour force. The results of the IRF test showed that inflation in Indonesia was responded negatively from year to year. If the labour force was more unemployed, the production process will be hampered and result in reduced people's purchasing power, resulting in scarce production goods and reduced employment. However, inflation also plays a role in creating jobs. Low inflation can help determine the availability of jobs created by stable economic growth (Mansi et al., 2020).

Conclusion

Based on the results and discussion in this study, it can be concluded that by using the Granger causality test, the results showed that the labour force and economic growth variables did not have a causal relationship, inflation and economic growth variables did not have a causal relationship, while the labour force and inflation variables did not have a causal relationship but has a one-way relationship, namely inflation affected the labour force. The test resulted using the VECM model showed that in the short term, none of the variables had a significant effect on economic growth, the labour force on economic growth in 2000-2021 in the short term had a positive and insignificant impact, the inflation variable on economic growth in 2000-2021 in the short term would have a negative and insignificant impact. In the long term, the effect of inflation on economic growth in Indonesia in 2000-2021 would have a positive and significant impact. The results of the IRF analysis showed that the labour force in Indonesia experienced changes, which initially increased in the first two years, due to a shock, then

tended to decrease and had a negative impact until the end of the period. Inflation in Indonesia experienced a change and had a negative impact in the first two years and tended to rise and had a positive impact until it stabilized at the end of the period. The results of the variance decomposition test showed that the labour force provided the largest contribution in explaining economic growth and inflation provided the smallest contribution in explaining economic growth.

To expand employment field and employment opportunities, the government's contribution is needed to support and empower the community optimally through informal education that supports community independence and also to maintain inflation stability in the long term by encouraging the increasing role of MSMEs through optimizing digitalization and the role of regional and central governments and monetary authorities. in synergizing to keep inflation stable with various programs that can encourage an increase in people's purchasing power which will ultimately lead to an increase in economic growth.

Reference

Abdillah, N. 2020. "Pengaruh Rasio Leverage, Profitabilitas, dan Ukuran Perusahaan terhadap Financial Distress". *Prosiding Business Management, Economic, and Accounting National Seminar*, *1*: 1077–1088.

Asfali, I. 2019. "Pengaruh Profitabilitas, Likuiditas, Leverage, Aktivitas, Pertumbuhan Penjualan terhadap Financial Distress Perusahaan Kimia". *Jurnal Ekonomi Dan Manajemen*, *20*(2): 56–66.

Audina, B. P., & HS, S. 2018. "Pengaruh Financial Leverage, Struktur Modal dan Total Asset Growth terhadap Financial Distress pada Perusahaan Subsektor Pulp dan Kertas yang Terdaftar di Bursa Efek Indonesia". *Oikonomia: Jurnal Ilmu Manajemen*, *14*(1): 76–90. https://doi.org/10.47313/oikonomia.v14i1.515.

Ayuningtiyas, I. S., & Suryono, B. 2019. "Pengaruh Likuiditas, Profitabilitas, Leverage dan Arus Kas terhadap Kondisi Financial Distress". *Jurnal Ilmu Dan Riset Akuntansi*, *8*(1): 1–17.

Cekdollarmu. 2021. "Perusahaan Delisting dari BEI Tahun 2017 - 2020. Retrieved (https://www.cekdollarmu.eu.org/2021/01/Perusahaan Delisting dari BEI.html)

Chrissentia, T., & Syarief, J. 2018. "Analisis Pengaruh Rasio Profitabilitas, Leverage, Likuiditas, Firm Age, dan Kepemilikan Institusional terhadap Financial Distress (pada Perusahaan Jasa Non Keuangan yang Terdaftar di Bursa Efek Indonesia Tahun 2014-2016". *SiMAk*, *16*(1): 45–61. https://doi.org/10.35129/simak.v16i01.11.

Christella, C., & Osesoga, M. S. 2019. "Pengaruh Leverage, Profitabilitas, Kepemilikan Institusional, Likuiditas, dan Ukuran Perusahaan terhadap Financial Distress: Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2014-2016". *ULTIMA Accounting*, *11*(1): 13–31.

Christine, D., Wijaya, J., Chandra, K., Pratiwi, M., Lubis, M. S., & Nasution, I. A. 2019. "Pengaruh Profitabilitas, Leverage, Total Arus Kas dan Ukuran Perusahaan terhadap Financial

Distress pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia Tahun 2014-2017". *Jesya: Jurnal Ekonomi & Ekonomi Syariah*, *2*(2): 340–351. https://doi.org/10.36778/jesya.v2i2.102.

Fahmi, I. (2020). Analisis Laporan Keuangan.7th ed. Alfabeta.

Ginting, M. C. 2017. "Pengaruh Current Ratio dan Debt to Equity Ratio (DER) terhadap Financial Distress pada Perusahaan Property & Real Estate di Bursa Efek Indonesia". *Jurnal Manajemen*, *3*(2): 37–44.

Izzah, L. N., Rahman, A., & Mahsina. 2021. "Pengaruh Likuiditas, Profitabilitas, Leverage, dan Aktivitas terhadap Kondisi Financial Distress". *EkoBis: Jurnal Ekonomi & Bisnis*, *2*(1): 70–81. https://doi.org/10.46821/ekobis.v2i1.214.

Kasmir. (2018). Analisis Laporan Keuangan.11th ed. Rajawali Pers.

Kodrat, D. S., & Herdinata, C. 2009. Manajemen Keuangan: Based on Empirical Research. Graha Ilmu.

Kusuma, E., & Sumani. 2017. "Pengaruh Likuiditas, Leverage dan Profitabilitas terhadap Financial Distress (Z-Score) Perusahaan Property, Real Estate, dan Manufaktur Periode 2014-2016". *Jurnal Manajemen*, *14*(1): 1–16.

Muhtar, M., & Aswan, A. 2017. "Pengaruh Kinerja Keuangan terhadap Terjadinya Kondisi Financial Distress pada Perusahaan Telekomunikasi di Indonesia". *JBMI (Jurnal Bisnis, Manajemen, Dan Informatika)*, *13*(3). https://doi.org/10.26487/jbmi.v13i3.1712.

Munawir. (2016). Analisa Laporan Keuangan.4th ed. Liberty.

Mustahgfiroh, I., & Lisiantara, G. A. 2021. "Financial Distress pada Perusahaan Real Estate dan Property yang Terdaftar di Bursa Efek Indonesia (BEI)". *Jurnal Akuntansi Dan Pajak*, *22*(2): 808–816.

Natalia, C., & Sha, T. L. 2021. "Pengaruh Likuiditas dan Sales Growth terhadap Financial Distress". *Jurnal Multiparadigma Akuntansi*, *4*(1): 40–49.

Oktaviani, E., & Sembiring, F. M. 2021. "Pengaruh Likuiditas, Leverage, Profitabilitas dan Ukuran Perusahaan terhadap Financial Distress: Studi pada Perusahaan Sub Sektor Wholesale di BEI Periode 2014-2020". *Reviu Akuntansi, Manajemen, Dan Bisnis*, *1*(2): 127–144. https://doi.org/10.35912/rambis.v1i2.944.

Outecheva, N. (2007). Corporate Financial Distress: An Empirical Analysis of Distress Risk. University of St.Gallen.

Platt, H. D., & Platt, M. B. 2002. "Predicting Corporate Financial Distress: Reflections on Choice-Based Sample Bias". *Journal of Economics and Finance*, *26*(2): 184–199.

Rinofah, R., Sari, P. P., & Juliani, T. 2022. "Pengaruh Kinerja Keuangan terhadap Financial Distress: Studi pada Perusahaan Sub Sektor Industri Barang Konsumsi Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Periode 2016-2020". *Al-Kharaj : Jurnal Ekonomi, Keuangan & Bisnis Syariah: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, *4*(3): 726–744. https://doi.org/10.47467/alkharaj.v4i3.719.

Santoso, S. 2015. Menguasai Statistik Parametrik. Elex Media Komputindo.

Shidiq, J. I., & Khairunnisa. 2019. "Analisis Rasio Likuiditas, Rasio Leverage, Rasio Aktivitas, dan

Rasio Pertumbuhan terhadap Financial Distress Menggunakan Metode Altman Z-Score pada Sub Sektor Tekstil dan Garmen di BEI Periode 2013-2017". *JIM UPB*, *7*(2): 209–219.

Silvia, D., & Yulistina. 2022. "Pengaruh Current Ratio, Return on Asset, Debt to Asset terhadap Financial Distress selama Masa Pandemi". *Global Financial Accounting Journal*, *6*(1): 89–99.

Simanjuntak, C., Titik K., F., & Aminah, W. 2017. "Pengaruh Rasio Keuangan terhadap Financial Distress (Studi pada Perusahaan Transportasi yang Terdaftar di Bursa Efek Indonesia Periode 2011-2015". *E-Proceeding of Management*, *4*(2): 1580–1587.

Sugiyono. 2010. Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Alfabeta.

Swara, R. A. D. 2021. "Pengaruh Rasio Keuangan terhadap Financial Distress pada Perusahaan Sub Sektor Bangunan Konstruksi yang Terdaftar di Bursa Efek Indonesia Tahun 2017-2019". *Jurnal Syntax Admiration*, *2*(10): 1960–1968. https://doi.org/10.46799/jsa.v2i10.328.

THE EFFECT OF CULTURE IN COMPREHENSIVE MANAGEMENT CONTROL SYSTEMS AND GOOD CORPORATE GOVERNANCE IN INDONESIA

Anton Arisman

Universitas Multi Data Palembang, Indonesia

Email Correspondence: ariman@mdp.ac.id

ABSTRACT

This study aimed to investigate the effect of moderating in relation of organisational culture, Comprehensive management control system and corporate governance in Indonesia. The respondents were 758 companies listed in the Indonesia Stock Exchange. Collecting data using sampling method of 188 respondents returned a complete used in data analysis. Analysis of data using Structural Equation Model (SEM) with the help of WarpPLS 3.0. The theory used in this research is the organizational culture consept by (Hofstede 1980) The results show that the moderating effect of the relation comprehensive management control system and good corporate governance in Indonesia is significant and indicates as a Homologiser Moderator.

KEYWORDS: Organizational Culture, Comprehensive Management Control System, Good Corporate Governance

THE EFFECT OF CULTURE IN COMPREHENSIVE MANAGEMENT CONTROL SYSTEMS AND GOOD CORPORATE GOVERNANCE IN INDONESIA

Introduction

The occurrence of financial crises and global crises that often hit in the 21st century now, is indicated by some economic experts because of the poor implementation of corporate governance, both in the public sector and the government sector, including. Meanwhile, some parties who demand the importance of increasing competitiveness in facing the global market accompanied by accountability, transparency and bureaucratic reform in all sectors, have given their own color to the development of accounting in Indonesia. On the other hand, the development of modern accounting leads to the use of technological advances and the creation of a good and reliable accounting information system.

Throughout the history of accounting in the world, the development of accounting science has been greatly influenced by many factors, including cultural, economic, social, political, legal, anthropological, sociological, etc. factors. The development of accounting in Country 'X' will be very different from accounting in Country 'Y.' And cultural factors greatly influence the character of the individual who designs, uses and has an interest in the accounting system. Many in the literature found arguments that accounting is strongly influenced by culture (Violet 1983) and the lack of consensus in accounting practices between countries because its purpose is cultural not a technical problem (Hofstede 1986). Arguments like this have led to an unwritten agreement that cultural factors are very influential in choosing accounting techniques in a particular country.

The discussion of national culture and organizational culture is very broad, so in this study I limit it to organizational culture which leads to the preparation of financial reports and the implementation of GCG. Culture is used as a moderating factor. This study reconstructs the results of research conducted by Zaitul (2005) by including additional GCG factors in it, which gives its own color both in terms of ontology studies and in terms of dimensionalization. A variety of additional literature is used from various previous qualitative studies, specifically referring to the two main studies of Hofstede's (1980), Gray (1988), Harrison and McKinnon (1986), and (Doupnik 1995)

Culture Concept
Culture is a value and attitude that is used and believed by a society or country. Cultural variables are depicted in the institutions of the State concerned (in the legal system etc.). Hofstede (1980; 1983) examines cultural dimensions in 39 countries. He defines culture as "The collective programming of the mind which distinguishes the members of one human group from another' (Hofstede 1983) and divides the cultural dimension into four. The four cultural dimensions identify basic values that try to explain the similarities and differences of cultures in general around the world. The four dimensions of the culture are explained as follows; Individualism (as opposed to collectivism). Individualism reflects on the extent to

which individuals expect personal freedom. This is countered by collectivism (group) which is defined as accepting responsibility from the family, community group (tribe etc.).

Koentjaraningrat (1972), that the socio-cultural values of Indonesian society consist of; Pay less attention to quality, Lack of discipline, Reluctant to take responsibility, Not straightforward, Like shortcuts and "latah". Meanwhile, according to Frans Magnis Suseno, (1983) revealed that Indonesia's prominent cultural values are Absolute Power, Feudal, Paternalistic, Hierarchical, Harmony, Status Orientation, Egoistic. And according to Mochtar Lubis (2001), that Indonesian people are characterized by; Hypocrite aka hypocritical, Reluctant to take responsibility, Feudal, Superstitious, Artistic, Weak Karsa, Envy, and Ngrasani (grumbling, but not openly).

Comprehensive management control system

Comprehensive management control system are forms, records, procedures, and tools used to process data on the undertakings of an economic entity with the aim of generating feedback in the form of reports required by management to supervise its business, and for other interested parties such as shareholders, creditors, and government agencies to assess the results of operations. (Haward F, Slettler 1971). A comprehensive management control system comes from a system that means a collection of elements that are interrelated to achieve a certain goal, and accounting which means a service activity that provides quantitative information, especially financially related, about economic unity with the intention of being useful for making economic decisions.

A comprehensive management control system is very necessary for accounting users, namely external parties (external) company organizations and internal parties (internal) company organizations. The needs of external users can be met by the publication of profit/ loss statements. Meanwhile, internal users can meet their accounting information needs to achieve the maximum possible economic value (profit) of the company. The purpose of holding a good accounting system is

1. To support the day-to-day operations.
2. Support management decision making (to support decision making by internal decision makers).
3. To fulfill obligations relating to stewardship.

Supporting factors for the implementation of a good comprehensive management control system are strongly influenced by the initial design of the system, human resources supporting the system / operator, system network, and internal control. In practice, internal control is decisive, because it concerns; Environmental Control, Risk Assessment, Utilization of Information and Communication, Control Activities, and Monitoring. All of them concern the readiness of the culture and its human character. The better the company's organizational

culture, the tighter the internal control, so that the risks that bring adverse effects are more controlled.

Gray (1988) identified four accounting cultures that could be used to define accounting sub-cultures: Professionalism, Uniformity, Conservatism, and Secrecy. Accounting itself one of its principles adheres to conservatism, which is a part of basic human nature that tends to avoid risks.

Good Corporate Governance (Gcg).
Corporate Governance is a way to ensure that management acts in the best interests of stakeholders. The implementation of Good Corporate Governance demands strong protection of the rights of shareholders, especially minority shareholders. The principles or guidelines for the implementation of Corporate Governance indicate the existence of such protections. Good Corporate Governance is definitively a system that regulates and controls the company to create value added for all stakeholders. There are two things that are emphasized in this concept, first, the importance of the right of shareholders to obtain information correctly (accurately) and on time and, secondly, the obligation of the company to make disclosures accurately, timely, and transparently to all information on the company's performance, ownership, and stakeholders.

In the context of growing awareness of the importance of Corporate Governance, the Organization for Economic Corporation and Development (OCED) has developed a set of principles of Good Corporate Governance and can be applied flexibly according to the circumstances, culture and traditions of each country. These principles are expected to be a reference point for regulators (governments) in building a framework for the implementation of Corporate Governance. For business actors and the capital market, these principles can be a guide in collaborating best practices for increasing the value (valuation) and sustainability of the company.

The principles of the OCED concern five main areas: the rights of shareholders and their protection; the role of employees and other interested parties (stakeholders); accurate and timely disclosure and transparency with respect to the structure and operations of the corporation; the responsibility of the board (Board of Commissioners and Directors) to the company, shareholders, and other interested parties. Or in summary, these principles can be summarized as: equitable treatment (fairness), transparency, accountability and responsibility.
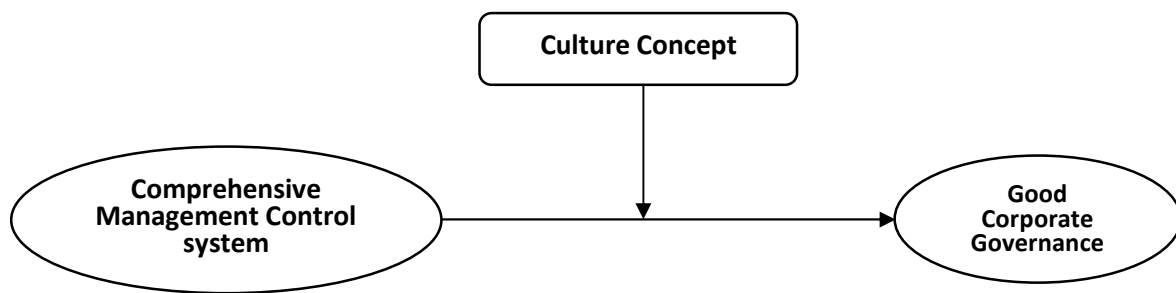
Method

This research was conducted by survey method. The research instrument used is a questionnaire. This research questionnaire is entirely adopted from previous research that has been used to conduct surveys of companies listed on the Indonesia Stock Exchange in the last 3 years. Previous studies reported that all questionnaires used had good validity and reliability. In this study, efforts were made to anticipate the weaknesses inherent in the survey research. There are two weaknesses of concern, namely the possibility of biased respondents and the low level of questionnaire development.

To overcome these two weaknesses, the questionnaire is sent via the Company's active email by providing a link that leads to an online questionnaire page (google.form) that has been provided

Measurement of Variable

|	Source	Indicator	Type
Culture Concept	Jean-Francois Henri (2006)	● Morale empowerment ● Commitment of employees. ● Vertical interaction, ● Hierarchical communication	Ordinal
Comprehensive management control system	Sujoko Efferin, Trevor Hopper (2007)	● Monitoring ● Attention Focusing ● Strategic Decision Making ● Legitimization	Ordinal
Good corporate governance (GCG).	Bhagat, S. and Black, B. (2002) (Klein, 2002	● Independent directors ● Independence of committees ● Board size ● Split chairman/ceo roles ● Board meetings ● Competence of audit committee members ● Audit committee meetings	Ordinal

Result

On the basis of inferential statistical data analysis conducted using WarpPLS, hypotheses can be tested and the results of statistical tests are presented as follows. A summary of the estimated coefficients of the WarpPLS output is as presented in table.

Tabel 1 Estimating Coefficient Equation

Equation	Koefficien	Signifikansi	Conclusion
Model utama			
Cmcs cgc	0,453	<0,001	Diterima
Cc*cpms ppma	-0,004	0,48	Ditolak

Source: Output WarpPLS (2022)
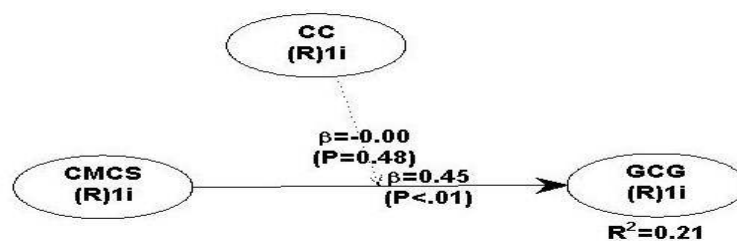
The test results show that:

1. H1 which states that the comprehensive management control system has a positive effect on good corporate governance, is proven to be accepted. This is in accordance with the structural equation model, where the estimated value of the coefficient of the Comprehensive Management Control System variable produced is 0.453 with a significance level of <0.001, which means that it is below the acceptance level of significance of 0.05.

   This finding is in line with the theory which states that a comprehensive management control system cannot be separated from the users of the system and its users. The existence of a comprehensive management control system is inseparable from the human factor. No matter how well the system is designed and applied to facilitate organizational performance, if it is not supported by human readiness, the system will never run properly. In this world, there is no single system in organizational governance that is suitable and in accordance with one another, including a comprehensive management control system, so that is where the competitive advantage and uniqueness of the system itself is created. In the end, it all depends on the human itself, in this case, humans are very closely related to the culture they have. This finding is also consistent with several previous studies that support the Power distance theory. Defined as the power distance between Boss B and Subordinate S in the organizational hierarchy is the difference between the extent to which B can determine the behavior of S and vice versa (Hofstede 1983). In a society with a large power distance, there is recognition of levels in society and does not require equal levels.

Meanwhile, in people with small power distances, they do not recognize differences and require equal levels in society.

2. H2 which states that Culture moderates the relationship between the comprehensive management control system and good corporate governance, is not proven to be accepted. This is in accordance with the structural equation model, where the estimated value of the cultural variable coefficient is -0.004 with a significance level of 0.48, which means that it is above the acceptance level of significance of 0.05. Based on the results of data processing, this hypothesis is not proven to be supported empirically. The support for this hypothesis is not proven because the level of significance (p) is not in line with expectations. However, partial results using Residual Test (Ghozali 2018) to test whether culture moderates the relationship between Comprehensive Management Control System and Good corporate governance show different results. The negative and significant results indicate that culture does moderate the relationship between the comprehensive management control system and good corporate governance.

Discussion

Tabel 2 Hasil Uji Residual

Coefficients[a]						
M		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.776	1.223		11.158	.000
	CC	-.558	.025	.247	-4.271	.000
a. Dependent Variable: Abscgc_TS						

Sumber: Output SPSS (2022)

This finding is in line with the theory of organizational culture, According to Rousseau (1990), it is not the definitions of culture that vary so widely among organizational researchers, but its operationalization

Conclusion

The findings in this field illustrate that if the business unit tends to have a results-oriented, work, professional culture, open system, strict and pragmatic control, then the use of attributes (control tools) and feedback system mechanisms does not depend on the corporate culture, but rather depends on the company culture. determined by other factors, because the corporate culture itself is considered a control mechanism. This can happen because of the tendency of respondents' answers in this study to show that there are significant differences in corporate culture in business groups. However, overall respondents consider that the corporate culture where they work tends to be dimensioned in (1) results which are characterized by maximum effort in achieving goals and the courage to face challenges. various risks, (2) jobs characterized by important decisions made more often by individuals

(centered on superiors), (3) professionals characterized by an emphasis on planning for the future and emphasizing competence in work, (4) openness which is characterized with openness in communication to outsiders, (5) tight control which is characterized by timeliness and efficiency and (6) pragmatic which is characterized by an emphasis on results rather than procedures.

Reference

Anthony, R. N. 1966. *Management Planning Dan Control Systems : A Framework for Analysis*. Harvard Business Scholl Press.

Anthony, R. N. and V. Govindarajan. 1995. *Management Control Systems*. United States of America: The Irwin.

Doupnik, T. S. S., Stephen B. 1995. "External Environment, Culture, and Accounting Practice: A Preliminary Test of A General Model of International Accounting Development." *The International Journal of Accounting* 30(3):189–207.

Ghozali, I. 2018. *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 25*. Semarang: Badan Penerbit Universitas Diponegoro.

Hofstede, G. 1980. "Culture's Consequences: International Differences in Work-Related Values."

Hofstede, G. 1986. "The Cultural Context of Accounting. Accounting and Culture:. Plenary Session Papers and Discussants' Comments from the 1986 Annual Meeting of the American Accounting Association."

Violet, W. 1983. "The Development of International Accounting Standards: An Anthropological Perspective." *International Journal of Accounting Education and Research* 18(1):1–12.

THE INFLUENCE OF PRODUCT QUALITY AND BRAND IMAGE ON THE PURCHASING DECISION OF DIOR COSMETICS IN MALANG CITY THROUGH BRAND TRUST AS AN INTERVENING VARIABLE

Iik Iklima Emilia Putri

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Dr. Agus Rahman Alamsyah, MM.,CSRA.,CSRA.,CRP.,CHRA

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Dr. Yunus Handoko, S.E., M.M

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Email Correspondence: emiliaputri605@gmail.com

ABSTRACT

Companies are required to continue to follow the trend that is currently busy in the cosmetic market with the quality standards of the products it produces.Several important factors that can influence purchasing decisions include product quality, brand image and brand trust.The purpose of this study was to determine whether product quality, brand image and brand trust on purchasing decisions for Dior cosmetics in the city of Malang. This research uses quantitative research. The population of this research is the consumer of Dior cosmetics as many as 196 respondents using purposive sampling technique. The results of this study indicate that product quality, brand image and brand trust have a positive and significant effect on purchasing decisions for Dior cosmetics in the city of Malang.

KEYWORDS: Product Quality, Brand Image, Brand Trust And Buying Decision.

THE INFLUENCE OF PRODUCT QUALITY AND BRAND IMAGE ON THE PURCHASING DECISION OF DIOR COSMETICS IN MALANG CITY THROUGH BRAND TRUST AS AN INTERVENING VARIABLE

Introduction

At the beginning of the emergence of the brand Christian Dior is a fashion brand that produces clothes by carrying designs with a new style concept that is quite successful in making the name Dior a fashion brand. Along with the development of the era of globalization, Dior spread its wings by making beauty products or cosmetics. Cosmetics Dior believes that a positive image, can increase women's confidence to work, with the right care and cosmetics, they can get a better appearance, career and life. The entire range of cosmetics is made from quality ingredients and proven to be safe. Cosmetics are formulated by pharmaceutical and beauty experts who present products with the latest innovations.

Companies are required to continue to follow trends that are currently busy in the cosmetics market with the quality standards of the products they produce, this happens because the quality of a product determines whether or not the product can penetrate the market, judging from the phenomenon of problems that then arise if the product produced is the same as other companies, thus causing competition from several existing companies. Meanwhile, how to face fierce competition, companies need to compete to market the products produced by continuing to try to develop creativity and create new innovations between companies competing with each other to glorify the quality of their products so that the products produced have good quality and are superior to other companies.

Beauty products or cosmetics are included in self-care products that can increase the confidence of the wearer, especially women. With the development of the times, cosmetics have become a very important necessity for a woman. Many women are made not to feel comfortable with the body and feel less satisfied with the beauty they have, they begin to try to find a solution by doing treatments to look more beautiful and attractive.

The demand for cosmetics abroad in Indonesia is driven by the increasing trend of women's needs in caring for themselves. Modern women in this day and age make cosmetics a primary need. Not only to beautify yourself, the use of cosmetics is also able to create a new self-image and life force. Supported by the sophistication of technology in today's era, it is easier for women to search for cosmetics according to their needs. Dior also carries out production using the latest technology. Dior cosmetic products are produced in accordance with the tropical climate in Asia, especially Southeast Asia, namely Indonesia. From the beauty trend itself adheres to the latest trends that exist in Japan and Korea.

Maslichah,(2013). Purchasing decision is a person's attitude to buy or use a product in the form of goods or services that have been believed to satisfy himself and the willingness to bear the risks that may be caused, according to Kotler & Amstrong (2014) purchasing decisions are thoughts where individuals evaluate various choices and decide on choices on a product from so many choices. with a purchase decision, consumers can choose the preferred product and can make their choice according to their needs.

THE INFLUENCE OF PRODUCT QUALITY AND BRAND IMAGE ON THE PURCHASING DECISION OF DIOR COSMETICS IN MALANG CITY THROUGH BRAND TRUST AS AN INTERVENING VARIABLE

Several factors can influence consumers in purchasing a product, usually consumers always consider quality, and brand image that is already known by the whole society. Purchasing decisions have a very important role because they can provide benefits for a company in improving the products being marketed. Consumers before making a purchase decision need to take into account and consider alternatives to a product, in this cosmetics business can determine the success or not of a business on the purchase decision in buying a product. The more consumers who buy Dior cosmetics, the greater the success of Dior cosmetics in the eyes of consumers

Purchasing decisions are a concept in purchasing behavior where consumers decide to act or do something and in this case make a purchase or take advantage of certain products or services (Balawera, 2013). Consumer decision-making is essentially a problem-solving process. Researchers use this purchase decision variable because the study of purchasing decisions is still worth researching considering the increasing number of products in circulation resulting in the need for various considerations for the public in making purchase decisions. Most consumers, both individual consumers and buyers of organizations go through almost the same mental processes in deciding what products and brands to buy (Yulindo 2013). Consumer purchase decisions can be made if the product is in accordance with what consumers want and need.

Method

Research methods are something that is carried out planned and systematically to get answers or problem solving to certain phenomena. This research uses a quantitative approach with survey research methods. The quantitative approach is an approach that is widely required to use numbers, starting from data collection, interpretation of the data, and the appearance of the results (Arikunto: 2002).

This study is designed to determine the influence of product quality and brand image on the decisions of dior cosmetics buyers in malang city through brand trust using a survey method, where researchers will distribute questionnaires to respondents as a basic data collection tool to obtain specific information. The results of the responses from respondents will be anticipated with a 5-point likert scale, from strongly disagreeing to strongly agreeing.

Result

In the discussion section, we will discuss the results of the analysis that has been carried out. It can be known that some independent variables affect dependent variables both directly and indirectly through intervening variables with test results using SPSS path analysis. The explanation of each of the influences of this study is as follows:

1. Effect of Product Quality Variables (X1) on Brand trust (Z)

In this study, it was known that in the product quality variable (X1) the value of the product quality calculation was 4,035 > 1,972. or a p-value of t is less than α (0.05 < 0.000). So it can be concluded that the product quality variable (X1) has a positive and significant effect on brand trust (Z).

When viewed from the coefficient of the product quality path to brand confidence is 0.298. This means that every increase in the product quality variable by one unit, the brand trust of the company will increase by 0.298 times if other variables are assumed to be fixed.

This research supports research from Tamara Citra (2016) with the title "Analysis of the Effect of Product Quality and Brand Image on The Decision to Purchase Continuous Form Prints through Brand Trust (Study on So Jaya Group Printing, Semarang". The results showed that the dimensions of product quality have a positive and significant effect on brand trust.

2. **Influence of Brand Image Variables (X2) on Brand trust (Z)**

   In this study, it was found that in the brand image variable (X2) the value of the brand image calculation was (2.947 > ttabel 1.972) or the p-value t value was smaller than α (0.05 < 0.004). So it can be concluded that the brand image variable (X2) has a positive and significant effect on brand trust (Z).

   When viewed from the coefficient of brand image path to brand trust is 0.217. This means that every increase in the brand image variable by one unit, the brand trust of the company will increase by 0.217 times if other variables are assumed to be fixed.

   This research supports research from Tamara Citra (2016) with the title "Analysis of the Effect of Product Quality and Brand Image on The Decision to Purchase Continuous Form Prints through Brand Trust (Study on So Jaya Group Printing, Semarang". The results showed that the dimensions of the brand image have a positive and significant effect on brand trust.

3. **Effect of Brand Trust Variable (Z) On Purchasing Decision (Y)**

   In this study, it was found that in the brand trust variable (Z) the value of the brand trust calculation is (6.180> ttabel 1.972) or the p-value t value is less than α (0.05 < 0.000). So it can be concluded that the brand trust variable (Z) has a positive and significant effect on purchasing decisions (Y).

   When viewed from the coefficient of the brand's confidence in purchasing decisions, it is 0.402. This means that every increase in the brand trust variable by one unit, the purchase decision of dior cosmetics in the city will increase by 0.402 times if other variables are assumed to be fixed.

   This research supports research from Tamara Citra (2016) with the title "Analysis of the Effect of Product Quality and Brand Image on The Decision to Purchase Continuous Form Prints through Brand Trust (Study on So Jaya Group Printing, Semarang". The results showed that the dimension of brand trust has a positive and significant effect on purchasing decisions.

4. **Effect of Product Quality Variables (X1) on Purchasing Decisions (Y)**

   In this study, it is known that in the product quality variable (X1) the value of the product quality calculation is (3.778> ttabel 1.972) or the p-value t value is less than the α (0.05 < 0.000). So it can be concluded that the product quality variable (X1) has a positive and significant effect on purchasing decisions (Y).

   When viewed from the coefficient of the product quality path to the purchase decision is 0.262. This means that every increase in the promotion variable by one unit, the decision to purchase cosmetics in malang city will increase by 0.262 times if other variables are assumed to be fixed.

   This research supports research from Tamara Citra (2016) with the title "Analysis of the Effect of Product Quality and Brand Image on The Decision to Purchase Continuous Form Prints through Brand Trust (Study on So Jaya Group Printing, Semarang". The results showed that the dimensions of product quality have a positive and significant effect on purchasing decisions.

5. **Influence of Brand Image Variables (X2) on Purchasing Decisions (Y)**

   In this study, it was found that in the brand image variable (X2) the value of the brand image calculation was (0.779 < ttabel 1.972) or the p-value value t was smaller than α (0.05 < 0.437). So it can be concluded that the brand image variable (X2) does not have a positive and significant effect on the purchase decision variable (Y).

   The coefficient of brand image path to purchasing decisions is 0.053. This means that every increase in the brand image variable by one unit, the purchase decision of dior cosmetics in the city will increase by 0.053 times if other variables are assumed to be fixed.

   This research supports research from Tamara Citra (2016) with the title "Analysis of the Effect of Product Quality and Brand Image on The Decision to Purchase Continuous Form Prints through Brand Trust (Study on So Jaya Group Printing, Semarang". The results showed that the dimensions of the brand image have a positive and significant effect on purchasing decisions.

6. **The Effect of Product Quality (X1) On Purchasing Decisions (Y) Through Brand Trust (Z)**

   From the results of the sobel test where Z = 3.39> 1.96 with a significance level of 5%, and from the results of calculating the coefficient of direct influence of product quality on purchasing decisions is smaller than the coefficient of indirect influence of product quality on purchasing decisions through brand trust (0.262 < 0.382) it can be concluded that the brand trust variable (Z) becomes a mediating variable for the influence of product quality variables (X1) on purchasing decisions (Y).

   From the results of this study, it is known that good product quality has been built by dior cosmetics in malang city is able to enlarge the influence of product quality on consumers' purchasing decisions.

   This research supports research from Tamara Citra (2016) with the title "Analysis of the Effect of Product Quality and Brand Image on The Decision to Purchase Continuous Form

Prints through Brand Trust (Study on So Jaya Group Printing, Semarang". The results showed that the dimensions of product quality have a significant effect on purchasing decisions through brand trust.

7. **The Influence of Brand Image (X2) On Purchasing Decisions (Y) Through Brand Trust (Z)**

From the results of the calculation of the sobel test above, a z value of 2.6600 was obtained, because the Z value obtained was 2.66 > 1.96 with a significance level of 5%, and from the results of the coefficient of the path of direct influence of the brand image on purchasing decisions was smaller than the coefficient of indirect influence of brand image on purchasing decisions through brand trust (0.053 < 0.140) it can be concluded that the brand trust variable (Z) is a mediation variable for the influence of the influence of the brand image on purchasing decisions through brand trust (0.053 < 0.140) it can be concluded that the brand trust variable (Z) is a mediation variable for the influence of brand image brand image variable (X2) to purchasing decision (Y).

Discussion

From the results of this study, it is known that a good brand image has been built by dior cosmetics in the city of Malang is able to enlarge the influence of brand image on consumers' purchasing decisions. In addition to seeing an attractive brand image, it turns out that respondents pay attention to the brand trust that is built, the better the brand image that is built or formed, the more the purchase decision will increase.

This research supports research from Tamara Citra (2016) with the title "Analysis of the Effect of Product Quality and Brand Image on The Decision to Purchase Continuous Form Prints through Brand Trust (Study on So Jaya Group Printing, Semarang". The results showed that the dimension of brand image has a significant effect on purchasing decisions through brand trust.

Conclusion

Based on the results of research and analysis that has been carried out regarding the influence of product quality and brand image on purchasing decisions through the trust of dior cosmetics brands in malang city, the following conclusions can be drawn:

1. Product Quality Has a Positive and Significant Effect on the Trust of the Dior Cosmetics Brand in Malang City.
2. Brand Image Has A Positive And Significant Effect On The Trust Of Dior Cosmetics Brand In Malang City.
3. Brand Trust Has a Positive and Significant Effect On The Decision To Buy Dior Cosmetics In Malang City.
4. Product Quality Has a Positive and Significant Effect on the Decision to Buy Dior Cosmetics in Malang City.

5. Brand Image Does Not Have A Positive And Significant Effect On The Decision To Buy Dior Cosmetics In Malang City.
6. Brand Trust Is Able to Mediate the Influence of Product Quality on the Purchasing Decision of Dior Cosmetics in Malang City.
7. Brand Trust Is Able To Mediate The Influence Of Brand Image On Dior Cosmetics Purchasing Decision In Malang City.

Reference

Alma, Buchory., Dan Saladin, Djaslim. 2014. Marketing Management *: Practical Summary, Theory, Application And Q&A. Bandung : CV. Linda Works.

Amstrong, Gary & Philip, Kotler. 2012. Fundamentals of Marketing. Volume I, The Language Transfer of Alexander Sindoro and Benjamin Molan. Jakarta: Prenhalindo Publishers.

Cannon, J. P., W. D. Perreault, and E. J. McCarthy. 2008. Marketing Fundamentals-approach to global management. Jakarta: Salemba Empat.

Dewi, Hasiolan and Minarsih 2016. "The Effect of Product Quality, Trust On Purchasing Decisions With Consumer Satisfaction As An Intervening Variable". 2(2).

Dianah and Welsa 2017. "The Effect Of Product Quality And Brand Image On Xiaomi Smartphone Purchasing Decisions And Their Impact On Consumer Satisfaction". 7(1): 16 – 26.

Idrus, Muhammad. 2009. Social Science Research Methods, Qualitative and Quantitative Approaches, Jakarta : Erlangga.

Imagery. 2016. "Analysis of the Effect of Product Quality and Brand Image on The Purchasing Decision of Continuous Form Prints through Brand Trust". 5(2),: 1-12.

Kotler, P and G, Armstrong. 2008. Principles of Marketing. 1. Jakarta: Erlangga.

Kotler, P. and K, L. Keller. 2009. Marketing management. 1(13). Jakarta.

Lesmana. 2019. "The Effect Of Product Quality And Brand Image On Wardah Cosmetics Purchasing Decision Pt Paragon Tehnology And Innovation". 2(3).

Murwatiningsih, Erin Puri Apriliani. 2013. The Effect of Risk and Price on Purchasing Decisions Through Consumer Confidence. *Journal of Management Dynamics,* 4(2): 184-191

Schiffman, L. and L, L. Kanuk. 2008. Consumer Behaviour 7th Edition. Jakarta: Index.

Setiadi, Nugroho J. 2010. Consumer Behavior. Jakarta: Kencana.

William J. Stanton. 1998. Principles of Marketing. 1(7), Jakarta: Erlangga.

Setiadi, Nugroho J. 2010. Consumer Behavior. Jakarta: Kencana.

William J. Stanton. 1998. Principles of Marketing. 1(7). Jakarta: Erlana.

Tjiptono, Fandy, 2008, Services Management,Yogyakarta: Andi Offset.

Yustiawan 2016. "The Effect Of Product Quality, Price, And Brand Image On Honda Vario Purchasing Decisions". 5(2).

USE OF SOCIAL MEDIA FOR BUSINESS PERFORMANCE THROUGH DIGITAL CREATIVITY :

A Case Study Of Micro, Small, And Medium Enterprises (MSMEs) In Food And Beverage Businesses

Deka Veronica
Management science, Universitas Muhammadiyah Jambi, Indonesia

Adi Putra
Economic development, Universitas Muhammadiyah Jambi, Indonesia

Yorina An'guna Bansa
Management science, Universitas Muhammadiyah Jambi, Indonesia

Asrini
Economic development, Universitas Muhammadiyah Jambi, Indonesia

Email Correspondence: adiputra@umjambi.ac.id

ABSTRACT

The impact of the COVID-19 pandemic has been felt by micro, small, and medium enterprises in food and beverage products in Jambi City. The pandemic caused a decline in income and community welfare as well as regional economic growth. To avoid the negative effects of an even greater pandemic, by using digital technology, in the current digital 4.0, is developing very rapidly. Seeing the prolonged COVID-19 phenomenon, researchers are interested in examining whether the importance of using social media affects the performance of food and beverage small and medium enterprises in Jambi City with digital creativity as an intervening. The results of the Path Analysis found that the importance of using social media did not have a significant effect on digital creativity, then digital creativity had a significant effect on the performance of MSMEs and interests, the use of Social Media did not significantly affect the performance of MSMEs. Analysis of the indirect effect found a z value of -1.343, and smaller than 1.96, it means that digital creativity does not mediate the influence between the interests of using social media on the performance of MSMEs for Food and beverage products in Jambi City in the era of the COVID-19 pandemic.

KEYWORDS: *Sosial Media, Digital Creativity, Business Performance, COVID-19.*

Introduction

The Corona Virus Disease 2019 (COVID-19) pandemic which was endemic at the end of 2019 has changed the social life of the community and the national development plan that was set by the government before the pandemic took place. The pandemic, which is still ongoing and it is not clear when it will end, is a challenge for the government that must be resolved properly and quickly, so as not to disrupt the government's program in an effort to stabilize the national economy after being hit by the 1997 monetary crisis and the 2008 financial crisis.

The negative effects of the COVID-19 pandemic are not only felt by large-scale business players but also by MSMEs in Indonesia. Utami (2021) stated that expressing the company aspect, this pandemic has disrupted the performance of companies, especially those engaged in the trade, transportation, and tourism sectors. The social distancing policy which was later changed to physical distancing and working from or at home had an impact on the decline in company performance which was then followed by termination of employment. There are even some companies that went bankrupt and finally chose to close their business. Meanwhile, the impact of the Covid 19 pandemic on the MSMEs sector in the aspect of people's consumption and purchasing power, this pandemic caused a lot of workers to decrease or even lose their income, thus affecting the level of consumption and purchasing power of the community, especially those in the informal worker category and daily workers.

The impact of the COVID-19 pandemic that was felt directly or indirectly by MSMEs actors was a decrease in sales, capital difficulties, raw material difficulties due to the PSBB, and even many business actors did not produce and even close. In addition, the issue of business development of MSMEs actors is constrained due to the main sectors supporting MSMEs such as tourism, trade and others which are also affected by the COVID-19 pandemic. (Bahtiar & Saragih, 2020) Pointing out the MSME aspect, the existence of this pandemic has caused a decline in performance from the demand side (consumption and purchasing power of the people) which ultimately has an impact on the supply side, namely termination of employment and the threat of default in credit payments. SMEs said there were around 37,000 MSMEs who reported that they were very seriously affected by this pandemic, which was characterized by around 56 percent reported a decline in sales, 22 percent reported problems in the financing aspect, 15 percent reported problems with distribution of goods, and 4 percent reported difficulties to get raw materials. The problems above are also increasingly widespread if they are associated with the existence of policies.

Saturwa et al, (2021) stated that the most dominant type of business product and most widely by MSME actors is retail trading such as selling basic necessities, pulses, clothing, and so forth with a percentage of 35.9 percent. The second type of business that is most in demand by MSME actors is providing food and beverages with a percentage of 20.9 percent. The third is service products by 16.5 percent. The fourth is food production by 16.0 percent. The fifth is

the processing industry with 4.9 percent. The sixth, there are handicraft products or works of art by 3.9 percent. And the seventh is agricultural, plantation and livestock production with a percentage of 1.9 percent. MSMEs that are able to survive in the midst of this COVID-19 climate include MSMEs that are already connected to the digital ecosystem by utilizing the existing marketplace in Indonesia. And MSMEs that are able to survive in the era of the covid-19 pandemic are MSMEs that are able to adapt their business with innovative products, for example, those that previously sold bags and clothes products then changed their products to selling cloth masks. Other industries that are able to survive during the COVID-19 pandemic are industries related to meeting basic needs including electricity, clean water, agriculture, animal husbandry, plantations, fishery, automotive and banking.

Utami (2021) argued that the government's efforts to help MSMEs in the midst of the Covid-19 pandemic are through two government institutions, namely the ministry of cooperatives and small and medium enterprises and the ministry of industry. The ministry of cooperatives has provided at least three stimulus for MSMEs during this pandemic to maintain the continuity of MSME activities, there are leniency in loan payments, six months MSME tax relief, and cash transfers for micro-scale businesses. While the ministry of industry plans to provide loans with low interest rates (lower than the interest rate for micro enterprises) to small and medium-sized enterprises, the ministry also connects MSME players with online technology shops to help market and sell MSME products such as tokopedia, shopee, and blibli. They collaborate with local industries that provide raw materials for the production of MSMEs, and collaborate with the ministry of foreign affairs and industry to continue the trade negotiation process and exporting products that is produced by Indonesian MSMEs.

To re-enhance the role of MSMEs for the national economy, the government needs to encourage the growth and development of MSMEs by optimizing the use of social media and developing digital creativity for business actors. Nasrullah (2016) pointed that social media is a digital media where social reality occurs and the space-time of its users interaction. The values that exist in society and the community also appear in the same or different forms on social media is currently the most effective and efficient medium as a means of communication and business activities during the COVID-19 pandemic and is the right strategy to encourage MSMEs become a productive sector that is able to encourage an increase in people's income and regional economic growth.

Mokhtar et al (2016) argued that the ability to use social media and digital technology by MSME actors has many benefits, one of which is to facilitate instant exchange of information between interested stakeholders as well as stimulate efficiency and help solve problems in MSME development. The use of social media is considered to have a positive impact on a business, in particular it can reduce considerable marketing costs and improve   good relationships with customers. (Dedi Purwana, 2017) explained that the use of digital technology-based marketing concepts (digital marketing) provides great hope for MSME

actors to be able to develop into economic powerhouses, Micro, Small and Medium Enterprises (MSMEs) play an important role in encouraging an increase in Indonesia's economic growth rate, especially in creating employment and household empowerment that supports household income in the midst of an economic deceleration.

Therefore, the researchers were interested to investigate the interests of social media users and their influence on the performance of MSMEs for Food and Beverage products in Jambi City which are affected by the COVID-19 pandemic with the Intervening variable   digital creativity)" with the problem formulation as follows:

1. Is there any direct impact of the importance of using social media on the digital creativity of food and beverage product MSME actors in Jambi City during the covid-19 pandemic?
2. Is there any direct effect of the digital creativity of food and beverage MSME actors on the performance of MSMEs in food and beverage products in Jambi City during the covid-19 pandemic?
3. Is there any direct impact of the importance of using social media for MSME actors on the performance of MSMEs in food and beverage products in Jambi City during the covid-19 pandemic?
4. Is there any direct effect of the importance of using social media for MSME actors on the performance of MSMEs in food and beverage products in Jambi City during the covid-19 pandemic through digital creativity variables for MSME actors?

Method

This research was designed in the form of a case study with the initial procedure starting from preparation in the form of a literature study and initial observations followed by the stages of data collection, tabulation, processing, data analysis and report preparation. The sampling technique was non-probability sampling with the Accidental sampling method with a research sample of 64 MSME actors in food and beverage products in Telanaipura District, Jambi City and all of them directly became the research sample.

The instrument in this study has four variables. There are the importance of using social media, digital creativity and MSME performance, which are described as follows: First, the importance of using social media according to Wayne Buente and Alice Robbin in Fitra et.all (2021), the indicator is to obtain online information (X1.1), for fun and spending time (X1.2), for online communication (X1.3), and for online transactions (X1.4); Second, digital creativity according to Mokhtar (2015) with indicators of being able to develop new applications (Z1.1), able to run business development applications (Z1.2), able to implement to improve the distribution of goods and services (Z1.3), able to run to build interaction with consumers (Z1.4), able to use it to strengthen the company's image (Z1.5), able to use it for expansion in the market (Z1.6) and able to use it for communication and business promotion media (Z1.7); Third, the performance of SMEs according to Lorraine (2014) the indicators are   reducing

original selling costs (Y1.1), new market opportunities (Y1.2), increasing   competitive advantage (Y1.3), increasing profits (Y1.4), and increasing market growth (Y1.5).

The data analysis in this study used descriptive analysis to determine the characteristics of MSME actors, then quantitative analysis is used to determine the effect of the independent variable and the dependent variable. To analyze the direct and indirect effects, path analysis with the equation structure of the path diagram is used, the independent variable is the interests of Social Media users (X), the Intervening digital creativity variable (Z) and the dependent variable is the performance of MSMEs (Y). To see the direct effect, namely with the equation: $Z=a+bX+\varepsilon1$ (equation of the first sub-structural path), $Y=a+bX+bZ+\varepsilon_2$ (equation of the second sub-structural path), then to see the indirect effect of X on Z through Y simply is as follows: X Z Y: (ρzx), (ρyz) where the direct effect is obtained from the beta value, while the indirect effect is obtained by Sobel analysis (*sobel test*).

Result

The characteristics of the actors from 64 MSMEs in food and beverage products in this study can be mentioned as follows. First, there were 20% of dry food businesses such as cramps, chips, fried noodles, and crackers. Second, there were 28% of snacks such as various types like cakes, fried foods, pempek, toast, and so forth. Third, there were 25% of beverage businesses such as ice, sum-sum porridge ice, coconut ice, cane ice, bottled drinks and so forth. Fourth, there were 27 % of heavy food businesses such as meatballs, satay, homemade food, fish ball, and so forth (see appendix 1). There are types of social media applications such as WhatsApp, Facebook, Instagram, Twitter, and You tube) that are used by SMEs for Food and Beverage products in Business Management. There are 12 people using 4 types of Social Media applications, 12 people using 3 type of social media application, 22 people use 2 types of Social Media application and 18 people use 1 type of social media application in business management (see figure 2).

The test results of the direct effect path analysis of the interests of using social media (X) on digital creativity (Z) of food and drink products during the COVD-19 pandemic as shown in (Appendix Table 1, Table 2 and Figure 3). It can be obtained the level of influence of the interests of Social Media users on digital creativity X Z is -0.342 and it was not significant because t-sig 0.121 > 0.05. The influence of business actors' digital creativity on   the performance of MSMEs Z Y was 0.187 and was significant with a t-sig value of 0.029 <0.05 while the influence of the interests of Social Media users on the performance of MSMEs X Y was 0.215 also not significant because the t-sig value is 0.215 > 0 ,05. Z value is used to test the indirect effect of the independent variable on the dependent variable through the intervening variable. The results of the sobbel test analysis showed that the z value was -1.343, and was smaller than 1.96 at the 0.05 level of significance. These results proved that digital creativity was not able to mediate the relationship between the importance of using

social media on the performance of MSMEs in food and beverage products in Jambi City in COVD-19 pandemic.

The results of the study stated the importance of using social media did not have a significant direct effect on the digital activities of SMEs in food and beverage products in Jambi City. On the contrary, the function and role of social media has been used rapidly by the business competitors (Pradiani, 2018) MSMEs are able to develop social media to produce new innovations will be able to compete in national and international markets, and   not be oppressed in the current era of increasingly fierce competition. The benefits of social media for MSME actors in the era of the COVID-19 pandemic which is still endemic are very important, because at this time we are in the age of social media, which has filled almost all areas of human life. The benefits of Social Media are not only limited to access to communication and information, but have penetrated the economic, social, entertainment, and security sectors so that all these activities will be more efficient and gain many benefits.

The results of the study are known to have a significant effect on the digital creativity of business actors on the performance of MSMEs in food and beverage products in Jambi City, illustrating where at this time the ability of MSME actors to develop digital creativity is good and has been able to encourage wider interaction and communication relationships between MSMEs and the market and consumer. Kotler & Keller, (2008) stated that if information on various products is already available on social media, it will make it easier for consumers to order, through the use of digital creativity, it means that business actors follow the flow of digitalization developments. By switching to digital media, communication and transactions can be carried out at any time and consumers will be able to access MSME products. The development of innovation also aims to achieve community engagement, so that people engagement in the business will lead to greater profit creation.

Discussion

The results of the study found that the direct influence of digital creativity on the performance of MSMEs was positive 0.187 while the indirect influence value was negative (0.343), so that the model stated that the mediation was inconsistent because it was opposite and there was no mediating effect between the interests of using social media on the performance of MSMEs for food and beverage and drinks through digital creativity. These results are not in line with (Becker et al., 2015) where the conclusion of his research suggests that the use of social media and the development of digital creativity will be able to affect business success up to 78%.

The importance of using social media can also be a productive medium for MSMEs information so that digital creativity that develops will be able to encourage MSME performance (Febriyantoro & Arisandi, 2018) pointed that the use of digital technology has advantages, namely 1). Actors can set business targets to be achieved according to demographic conditions, domicile, lifestyle, and consumer habits; 2. Quick results are known   so that

marketers can take corrective action if something is not right; 3. It is much cheaper cost than conventional marketing; 4. It has wider coverage because it is not geographically limited; 5. The product can be accessed at any time not limited by time; 6. The results of online purchases can be measured well; 7. The campaign can be personalized; 8. The MSMEs actors can engage or reach consumers because communication occurs directly and in two directions.

Conclusion

From the results of the study, the conclusions of the study were formulated as follows:

1. The importance of using social media did not have a direct significant effect on digital creativity in MSMEs in Food and Beverage Products during the COVID-19 pandemic in Jambi City.
2. Digital creativity of MSME actors has a direct significant effect on the performance of MSME Food and Beverage Products in the Era of the COVID-19 pandemic in Jambi City.
3. The importance of using Social Media did not have a direct significant effect on the performance of MSMEs in Food and Beverage Products in the Era of the COVID-19 pandemic in Jambi City.
4. Digital creativity did not mediate the indirect influence of the importance of using social media on the digital creativity of SMEs for food and beverage products during the COVID-19 pandemic era in Jambi City.

Reference

Bahtiar, R. A., & Saragih, J. P. 2020. "Covid-19 Impact on Economic Slow- Down in Micro , Small and Medium Enterprises Sector". *A Brief Study of Actual and Strategic Issues*, *XII*(6): 19– 24.

Bank Indonesia. 2021. "Academic Study on the Development of Micro, Small and Medium Enterprises in Jambi Province (ID): Bank Indonesia".

Becker, F. G., Cleary, M., Team, R. M., Holtermann, H., The, D., Agenda, N.,. 2015. No Title. *Syria Studies*, *7*(1): 37–72. Retrieved (https://www.researchgate.net/publication/269107473_What_is_governance/link/54 817309 0cf22525dcb61443/download%0Ahttp://www.econ.upf.edu/~reynal/Civil wars_12December2010.pdf%0Ahttps://think)

Dedi Purwana. 2017. "Pemanfaatan Digital Marketing Bagi Usaha Mikro". 1(1): 2.

Febriyantoro, Trio, & Arisandi. 2018. "Utilization of Digital Marketing for Micro, Small and Medium Enterprises in the Era of the Asean Economic Community". *Dewantara Management Journal*, 1(2): 61-76.

Lorraine, KW. 2014. Social Media Marketing and Performance of Small and Medium Enterprises in Nairobi. Nairobi (KE): University of Nairobi.

Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia.

2020. Development of MSMEs in Indonesia. Retrieved (http://www.depkop.go.id/pdfviewer/p=uploads/tx_rtgfiles/sandingan_data).

Nalini, S. N. L. 2021. "The Impact of Covid-19 on Micro, Small and Medium Enterprises. Journal of Islamic Economics & Economics", 4(1): 662–669. https://doi.org/10.36778/jesya.v4i1.278.

Nugraha, Supriadi, Nawawi, & Kahfi. 2021. "Analysis of the Effect of Intensity Internet Use on Student Achievement at Al-Mukrom Bojonggambir High School". *Indonesian Journal on Computer and Information Technology*. 187-195.

Pradiani, T. 2018. "Pengaruh Sistem Pemasaran Digital Marketing Terhadap Peningkatan Volume Penjualan Hasil Industri Rumahan". *Jurnal Ilmiah Bisnis Dan Ekonomi Asia*, *11*(2): 46–53. https://doi.org/10.32812/jibeka.v11i2.45.

Purwana ESD, Rahmi, & Aditya S. 2017. "Utilization of Digital Marketing for Micro, Small and Medium Enterprises (MSMEs) in Malaka Sari Village, Duren Sawit". *JPMM*. 1(1).

Saturwa, H. N., Suharno, S., & Ahmad, A. A. 2021. The impact of the Covid-19 pandemic on MSMEs. *Journal of Economics and Business*, 24(1): 65–82. https://doi.org/10.24914/jeb.v24i1.3905.

Sugiyono. 2013. Quantitative, Qualitative, and Combination Research Methods (Mixed Methods). Bandung: Alphabeta.

Utami. 2021. Impact of the Covid 19 Pandemic on the MSME Sector in Indonesia. 03(1). *ECONOMIE 1 Economics Study Program, Faculty of Islamic Economics and Business, State Islamic University Sunan Ampel Surabaya.*

THE EFFECT OF MOTIVATION, HUMAN RESOURCES INFORMATION SYSTEMS, AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE, ORGANIZATIONAL COMMITMENT AS INTERVENING VARIABLES, IN TRAINING INSTITUTIONS BUSINESS WISDOM INSTITUTE SURABAYA

Augy Kurnia

Business Management, ASIA Institute of Technology and Business Malang, Indonesia

Email Correspondence: augykurnia@gmail.com

ABSTRACT

This study aims to determine the effect of work motivation on organizational commitment, the influence of human resource information systems on organizational commitment, the effect of job satisfaction on organizational commitment, the effect of work motivation on performance, the effect of job satisfaction on performance, the effect of organizational commitment on performance, the influence of motivation work with employee performance mediated by organizational commitment, and the influence between job satisfaction and employee performance mediated by organizational commitment. This study's population are employees working at the Business Wisdom Institute (BWI). The number of samples is 100 respondents. The results showed that there was a significant (positive) effect on work motivation on organizational commitment, there was no significant (positive) effect on IS-HR on organizational commitment, there was a significant (positive) effect on job satisfaction on employee organizational commitment, and there was no significant effect. On Work Motivation on Employee Performance, there is no significant effect on SI-HR on Employee Performance; there is a significant (positive) effect on Job Satisfaction on Employee Performance, there is no significant effect on Organizational Commitment on Employee Performance, there is no significant effect on Work Motivation with Employee Performance mediated by Organizational Commitment, there is no significant effect between SI-HR and Employee performance mediated by Organizational Commitment, there is no significant effect between Job Satisfaction and Employee Performance mediated by K Organizational commitment.

KEYWORDS: Job Motivation, Human Resources Information System, Job Satisfaction, Employee Performance, Organizational Commitment.

THE EFFECT OF MOTIVATION, HUMAN RESOURCES INFORMATION SYSTEMS, AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE, ORGANIZATIONAL COMMITMENT AS INTERVENING VARIABLES, IN TRAINING INSTITUTIONS BUSINESS WISDOM INSTITUTE SURABAYA

Introduction

Maximum performance is the main goal of a company that wants to increase profits through the performance of its employees in various ways and programs that are considered aligned with company goals. As a source of life in the company, employees must be cared for properly. One way to pay attention and continue to retain the best employees is to know what things can affect them, one of which is regarding employee performance. This is so that the company can achieve maximum profit targets.

Method

The research approach is the design, guideline or reference for research that will be carried out by researchers. This study uses a quantitative approach with survey research methods. Quantitative approach is an approach that is required to use numbers, starting from data collection, interpretation of the data, and the appearance of the results.

Result

The results showed that there was a significant (positive) effect on work motivation on organizational commitment, there was no significant (positive) effect on IS-HR on organizational commitment, there was a significant (positive) effect on job satisfaction on employee organizational commitment, and there was no significant effect. on Work Motivation on Employee Performance, there is no significant effect on SI-HR on Employee Performance, there is a significant (positive) effect on Job Satisfaction on Employee Performance, there is no significant effect on Organizational Commitment on Employee Performance, there is no significant effect on Work Motivation with Employee Performance mediated by Organizational Commitment, there is no significant effect between SI-HR and Employee Performance mediated by Organizational Commitment, there is no significant effect between Job Satisfaction and Employee Performance mediated by Organizational commitment.

Discussion

The factors used by the Business Wisdom Institute (BWI) to keep up with the changing times in order to be able to survive in the midst of increasingly fierce competition, namely the digitalization era, and how to retain employees who have a (decent) competitive advantage so far have gone well. Only a few factors are not consistent with previous research. This difference in results does not prove that previous research is better, but good research is research that is taken from the actual situation (reality), and research that is able to provide new developments. Several factors are weaknesses in this study, such as in Hypothesis 2 (SI-HR has no significant positive effect on employee organizational commitment), Hypothesis 4

(Work motivation does not have a significant positive effect on employee performance), Hypothesis 5 (SI-HR has no positive effect on employee performance). significant effect on employee performance), Hypothesis 7 (Organizational commitment has no significant positive effect on employee performance), Hypothesis 8 (Work motivation has no significant positive effect on employee performance mediated by organizational commitment), Hypothesis 9 (SI-HR has no significant positive effect on employee performance). employees mediated by organizational commitment), and Hypothesis 10 (Job satisfaction has no significant positive effect on employee performance mediated by organizational commitment) will be a challenge for the Business Wisdom Institute (BWI) to pay more attention to and improve what are the weaknesses of the company.

Conclusion

1. There is a significant (positive) effect on work motivation on organizational commitment at the Business Wisdom Institute (BWI). The effect given is 2.443. While the most dominant indicators for forming Work Motivation are "Company supervision is not strict but I obey the applicable regulations", "I am proud to work in this company", and "I get financial guarantees in the form of bonuses and incentives as an incentive to work".

2. There is no significant (positive) effect on IS-HR on Employee Organizational Commitment at the Business Wisdom Institute (BWI). The effect given is -0.364. Meanwhile, the most dominant IS-HR forming indicator is "The Human Resources Information System application program is always ready to be used".

3. There is a significant (positive) effect on job satisfaction on employee organizational commitment at the Business Wisdom Institute (BWI). The effect given is 3,069. While the most dominant forming indicator of Job Satisfaction is "I feel in accordance with my current job".

4. There is no significant effect on Work Motivation on Employee Performance at the Business Wisdom Institute (BWI). The effect given is 0.646. Meanwhile, the most dominant forming indicators of Work Motivation have been explained in point 1.

5. There is no significant effect on IS-HR on Employee Performance at the Business Wisdom Institute (BWI). The effect given is -1.755. Meanwhile, the most dominant IS-HR forming indicators have been explained in point 2.

6. There is a significant (positive) effect on job satisfaction on employee performance at the Business Wisdom Institute (BWI). The effect given is 7.704. While the most dominant forming indicators of Job Satisfaction have been explained in point 3.

7. There is no significant effect on Organizational Commitment on Employee Performance at the Business Wisdom Institute (BWI). The effect given is 0.215. Meanwhile, the most

dominant indicator of Organizational Commitment is "I don't want to move to another place of work".

8. There is no significant effect between Work Motivation and Employee Performance mediated by Organizational Commitment at the Business Wisdom Institute (BWI). The direct effect given is 0.260 and the indirect effect is 0.0014 and the total effect is 0.2614. While the most dominant forming indicators of Work Motivation have been explained in point 1, while the most dominant forming of Employee Performance is "I always work every day".

9. There is no significant effect between IS-HR and Employee Performance mediated by Organizational Commitment at the Business Wisdom Institute (BWI). The direct effect given is -0.042 and the indirect effect is -0.0043 and the total effect is 0.0085. While the most dominant IS-HR forming indicators have been explained in point 2, while the most dominant Employee Performance has been explained in point 8.

10. There is no significant effect between Job Satisfaction and Employee Performance mediated by Organizational Commitment at the Business Wisdom Institute (BWI). The direct effect given is 0.660 and the indirect effect is 0.0237. While the most dominant forming indicators of Job Satisfaction have been explained in point 3, while the most dominant Employee Performance has been explained in point 8.

Reference

Asikin (2021), with the title The Effect of Information Systems on Human Resources and Work Discipline on the Performance of Employees of PT. Securindo Packatama Indonesia Bandung Branch.

Lasmi & Funky (2018), with the title Job Satisfaction, Organizational Commitment and Organizational Citizenship Behavior on Employee Performance at the Bali Relaxing Resort & Spa Nusa Dua Hotel.

Adawiyah, S. E. (2019). Buku Ajar Human Relations. Yogyakarta: Deepublish Publisher.

Alam, M. G. R., Masum, A. K. M., Beh, L. S., & Hong, C. S. (2016). Critical factors influencing decision to adopt human resource information system (HRIS) in hospitals. PLoS ONE, 11(8), 1–22. https://doi.org/10.1371/journal.pone.0160366

Amir, M. F. (2015). Memahami Evaluasi Kinerja Karyawan. Jakarta: Mitra Wacana Media.

Anggraeni, D. A., & Rahardja, E. (2018). Pengaruh Gaya Kepemimpinan Feminin, Motivasi Kerja Dan Komitmen Organisasional Terhadap Kinerja Karyawan PT Leo Agung Raya, Semarang. Jurnal Manajemen Diponegoro, 7(4), 1–14. http://ejournal-s1.undip.ac.id/index.php/dbr

Arifin, S., Putra, A. R., & Hartanto, C. F. B. (2019). Pengaruh Kompetensi, Kompensasi dan Kepemimpinan Terhadap Kinerja Karyawan. Ekonomi, Keuangan, Investasi Dan Syariah (EKUITAS), 1(1), 22–29.

Asikin, D. (2021). Pengaruh Sistem Imformasi Sumber Daya Manusia dan Disiplin Kerja terhadap Kinerja pada Karyawan PT. Securindo Packatama Indonesia Cabang Bandung. Jurnal Bisnis Dan Teknologi, 13(1), 75–88.

Azhar, M. E., Nurdin, D. U., & Siswadi, Y. 2020. "Pengaruh Disiplin Kerja dan Kompensasi Terhadap Kepuasan Kerja Karyawan". *Jurnal Humaniora*, 4(1): 46–60.

Baksi, R., & Sanyal, S. N. 2018. "Optimizing the role of organizational commitment: A qualitative study in the school education sector". *International Journal of Organizational Analysis*, 26(4): 669–690. https://doi.org/10.1108/IJOA-06-2017-1183.

Barusman, A. R. P., & Mihdar, F. 2014. "The Effect of Job Satisfaction and Organizational Justice on Organizational Citizenship Behavior With". *International Journal of Humanties and Social Science*, 4(9): 118–126.

Busro, M. 2018. Teori-Teori Manajemen Sumber Daya Manusia. Jakarta: Prenadamedia Group.

Can, A., & Yasri. 2016. "Pengaruh Motivasi Kerja, Kepuasan Kerja dan Komitmen Organisasi Terhadap Kinerja Karyawan Pada Bank Nagari". *Jurnal Riset Manajemen Bisnis Dan Publik*, 4(1): 1–26.

Darmawan, A., & Putri, M. 2017. "Pengaruh Gaya Kepemimpinan terhadap Komitmen Organisasi Melalui Kepuasan Kerja Sebagai Variabel Intervening". *Jurnal Ilmu Akuntansi*, 10(1): 1–18. https://doi.org/10.15408/akt.v9i1.3581.

Dewi, I. K., & Mashar, A. 2019. Nilai-Nilai Proetik Dalam Kepemimpinan Modern Pada Manajemen Kinerja. Lampung: Gre Publishing.

Erpurini, W. 2019. "Pengaruh Sistem Informasi Sumber Daya Manusia Dan Disiplin Kerja Terhadap Kinerja Pada Karyawan Cv. Cihanjuang Inti Teknik Cimahi". *Jurnal Akuntansi*, 4(1): 1007. https://doi.org/10.30736/jpensi.v4i1.223.

Farisi, S., Irnawati, J., & Fahmi, M. 2020. "Pengaruh Motivasi dan Disiplin Kerja Terhadap Kinerja Karyawan Pada PT Perkebunan Nusantara V (Persero) Kebun Tanah Putih Provinsi Riau". *Jurnal Humaniora: Jurnal Ilmu Sosial, Ekonomi Dan Hukum*, 4(1): 15–33.

Fattah, H. 2017. Kepuasan Kerja & Kinerja Pegawai. Jakarta: Elmatera (Anggota IKAPI).

Febrianti, R., & Triono, J. 2020. "Analisis Pengaruh Kepuasan Kerja dan Motivasi Terhadap Kinerja Karyawan dengan Komitmen Organisasional sebagai Variabel Intervening". *Jurnal Ilmu Ekonomi Manajemen Dan Akuntansi*, 1(2): 105–118.

Gahlawat, N., & Kundu, S. C. 2019. "Participatory HRM and firm performance: Unlocking the box through organizational climate and employee outcomes". *Employee Relations*, 41(5): 1098–1119. https://doi.org/10.1108/ER-05-2018-0147.

Hall, C. S. 2019. Psikologi Freud: Sebuah Bacaan Awal. Yogyakarta: IRCiSoD.

Handayani, H., Mane, A. A., & Manarapi, R. 2017. "Pengaruh Kepuasan Kerja dan Semangat Kerja Terhadap Prestasi Kerja pada PT Bumi Karsa Makasar". *Jurnal Riset XV ed*, 3(004): 87–98.

Harahap, S. F., & Tirtayasa, S. 2020. "Pengaruh Motivasi, Disiplin, Dan Kepuasan Kerja Terhadap Kinerja Karyawan Di PT. Angkasa Pura II (Persero) Kantor Cabang Kualanamu".

Maneggio: Jurnal Ilmiah Magister Manajemen, 3(1): 120–135. https://doi.org/10.30596/maneggio.v3i1.4866.

Hendri, M. I. 2019. "The mediation effect of job satisfaction and organizational commitment on the organizational learning effect of the employee performance". *International Journal of Productivity and Performance Management*, 68(7): 1208–1234. https://doi.org/10.1108/IJPPM-05-2018-0174.

Kurniawan, R., Sohibien, G. P., & Rahani, R. 2019. Cara Mudah Belajar Statistik Analisis Data & Eksplorasi. Jakarta: Prenada Media.

Khotimah, D. A. K., & Sarno, R. 2019. "Sentiment analysis of hotel aspect using probabilistic latent semantic analysis, word embedding and LSTM". *International Journal of Intelligent Engineering and Systems*, 12(4): 275–290. https://doi.org/10.22266/ijies2019.0831.26.

Khotimah, D. A. K., & Sarno, R. 2018. "Sentiment detection of comment titles in booking.com using probabilistic latent semantic analysis". *2018 6th International Conference on Information and Communication Technology, ICoICT 2018*: 514–519. https://doi.org/10.1109/ICoICT.2018.8528784.

Khotimah, D., Nurcahyawati, V., & Erstiawan, M. 2016. "Analisis Penerimaan Penerapan PARIS (Parking Information System) dengan Metode Technology Acceptance Model (TAM) pada Area Parkir STIKOM Surabaya". *Jurnal Sistem Informasi Dan Komputer Akuntansi*, 5(9): 1–14.

Kushatmaja, R. P., & Suryani, E. 2019. "Analysis of Factors Affecting Edmodo Adoption as Learning Media Using Technology Acceptance Model 2 (TAM 2)". *IPTEK Journal of Proceedings Series*, 0(5): 574. https://doi.org/10.12962/j23546026.y2019i5.6436.

Laras Kemala, B. K., & Simatupang, T. 2020. "Real Option Analysis Approach for Pharmaceutical Project Portfolio Optimization Model Considering Multi-project Dependencies". *2020 7th International Conference on Frontiers of Industrial Engineering, ICFIE 2020*: 40–47. https://doi.org/10.1109/ICFIE50845.2020.9266740.

Larasati, S. 2018. Manajemen Sumber Daya Manusia. Yogyakarta: Deepublish Publisher.

Lasmaya, S. M. 2016. "Pengaruh sistem informasi SDM, kompetensi dan disiplin kerja terhadap kinerja karyawan". *Jurnal Ekonomi, Bisnis & Entrepreneurship*, 10(1): 25–43.

Lasmi, N. W., & Fungky, N. K. M. F. D. 2018. "Kepuasan Kerja, Komitmen Organisasional dan Organizational Citizenship Behavior Terhadap Kinerja Karyawan Hotel Bali Relaxing Resort & Spa Nusa Dua". Jurnal Ilmiah Manajemen Dan Bisnis, 3(2): 179–187.

McLeod, R., & Schell, G. 2008. Sistem Informasi Manajemen. 10th ed. Jakarta: Salemba Empat.

Nabawi, R. 2019. "Pengaruh Lingkungan Kerja, Kepuasan Kerja dan Beban Kerja Terhadap Kinerja Pegawai". *Maneggio: Jurnal Ilmiah Magister Manajemen*, 2(2): 170–183. https://doi.org/10.30596/maneggio.v2i2.3667.

Narayanamurthy, G., & Tortorella, G. 2021. "Impact of COVID-19 outbreak on employee performance – Moderating role of industry 4.0 base technologies". *International Journal of Production Economics*. https://doi.org/10.1016/j.ijpe.2021.108075.

Negara, E. S., Romindo, Tanjung, R., Jamaludin, Heriyani, N., Simarmata, J., Purba, B. 2021. Sistem Informasi Manajemen Bisnis. Jakarta: Yayasan Kita Menulis.

Nuryanti, N., & Sintaasih, D. K. 2020. "Kepuasan Kerja Dan Komitmen Organisasional Berpengaruh Terhadap Kinerja Karyawan". *E-Jurnal Manajemen Universitas Udayana*, 9(3): 926. https://doi.org/10.24843/ejmunud.2020.v09.i03.p06.

Ondi, & Lukito, H. 2019. "Analisa Pengaruh Proses Manajemen Pengetahuan Terhadap Kinerja Karyawan Pt Mitra Kerinci". *Jurnal Ilmiah Mahasiswa Ekonomi Manajemen*, 5(1): 114–135.

Prasetiyo, E. J., Ratnasari, S. L., Hakim, L., Kunci, K., Kepemimpinan, G., Organisasional, K., Organisasi, B., Kerja, L., & Kerja, K. 2020. "Analisis Gaya Kepemimpinan, Komitmen Organisasional, Budaya Organisasi, Dan Lingkungan Kerja Terhadap Kepuasan Kerja Karyawan Analysis of Leadership Style, Organisational Commitment, Organisational Culture, and Work Environment To Employee Satisfaction". *Dimensi*, 9(2): 186–201.

Prasetyo, B., & Trisyanti, D. 2019. Revolusi Industri 4.0 dan Tantangan Perubahan Sosial. Semateksos 3: Strategi Pembangunan Nasional Menghadapi Revolusi Industri 4.0, 22–27.

Raharjo, K., Nurjannah, Solimun, & Achmad Rinaldo Fernandes, A. 2018. "The influence of organizational culture and job design on job commitment and human resource performance". *Journal of Organizational Change Management*, 31(7): 1346–1367. https://doi.org/10.1108/JOCM-07-2017-0286.

Rahmat, A. 2021. Kepemimpinan Pendidikan. Yogyakarta: Zahir Publishing.

Rosadi, A. A. S., & Purnomo, Y. J. 2020. "Pengaruh Sistem Informasi Sumber Daya Manusia Terhadap Kinerja Pada Pegawai PT Raudah Utama Cianjur". *Jurnal Sains Sosio Humaniora*, 4(2): 357–367. https://doi.org/10.22437/jssh.v4i2.10865.

Rosita, T., & Yuniati, T. 2016. "Pengaruh Kepuasan Kerja Terhadap Kinerja Karyawan Dengan Komitmen Organisasional Sebagai Variabel Intervening". *Jurnal Ilmu Dan Riset Manajemen*, 5(1): 1–20.

Rusjiana, J. 2016. "Pengaruh Sistem Informasi Sdm Terhadap Kinerja Stuctural Equaltion Modeling SEM-PLS". *Jurnal Computech & Bisnis*, 10(1): 21–29.

Santoso, S. 2019. Mahir Statistik Parametrik. Jakarta: Elex Media Komputindo.

Saputra, A., Bagia, I. W., & Yulianthini, N. N. 2016. "Pengaruh Kepuasan Kerja dan Loyalitas Karyawan terhadap Kinerja Karyawan". *E-Journal Bisma Universitas Pendidikan Ganesha*, 4(1): 1–8. https://doi.org/10.34007/ebmsj.v1i1.3.

Septiawan, B., Masrunik, E., & Rizal, M. 2020. Motivasi Kerja dan Generasi Z. Jakarta: Addin Publishing.

Shaleh, M. 2018. Komitmen Organisasi Terhadap Kinerja Pegawai. Makassar: Aksara Timur.

Siagian, S. P. 2016. Manajemen Sumber Daya Manusia. Jakarta: Bumi Aksara.

Sinaga, A. S., Kadir, A., & Mardiana, S. 2020. "Peranan Motivasi Kerja dalam Kinerja Pegawai pada Kantor Kecamatan Tanjungbalai Utara Kota Tanjung Balai". *Strukturasi: Jurnal*

Ilmiah Magister Administrasi Publik, 2(1): 89–97. https://doi.org/10.31289/strukturasi.v2i1.48.

Sitorus, R. M. 2020. Pengaruh Komunikasi Antar Pribadi Pimpinan Terhadap Motivasi Kerja. Jakarta: Scopindo Media Pustaka.

Sopiah. 2008. Perilaku Organisasi. Jakarta: CV. Andi Offset.

Suarjana, A. A. G. M., Putra, I. K. M., & Susilawati, N. L. N. ayu S. 2017. "Pengaruh Motivasi Kerja dan Kepuasan Kerja Terhadap Komitmen Organisasi serta Dampaknya Terhadap Kinerja Pegawai PLN Rayon Gianyar di Kabupaten Gianyar". *Jurnal Bisnis Dan Kewirausahaan*, 12(1): 1–11.

Sugiyanto, & Santoso, D. 2018. "Analisis Pengaruh Kompetensi, Sarana Pendukung Teknologi Informasi Dan Kepuasan Kerja Sebagai Variabel Intervening Terhadap Kinerja SDM". *Jurnal Riset Ekonomi Dan Bisnis*, 11(1): 76–92. https://doi.org/10.26623/jreb.v11i1.1078.

Sugiyono. 2017. Metode Penelitian (Kuantitatif, Kualitatif, dan R&D). Bandung: Alfabeta.

Sunarsi, D., Wijoyo, H., Prasada, D., & Andi, D. 2020. "Pengaruh Lingkungan Kerja Terhadap Kinerja Karyawan Pada Pt. Hade Dinamis Sejahtera". *The World of Business Administration Journal*: 117–123. https://doi.org/10.37950/wbaj.v2i1.916.

Suputra, & Sriathi, A. 2018. "Pengaruh Motivasi Kerja dan Kepuasan Kerja Terhadap Komitmen Organisasional". *Jurnal Manajemen Unud*, 7(9): 4628–4656.

Suryani, L. N. 2019. "Pengaruh Lingkungan Kerja Non Fisik Dan Komunikasi Terhadap Kinerja Karyawan Pada PT. Bangkit Maju Bersama Di Jakarta". *JENIUS: Jurnal Ilmiah Manajemen Sumber Daya Manusia*, 2(3): 419–435.

Thamrin, M., & Riyanto, S. 2020. "The Effect of Work Motivation, Work Environment, and Work Life Balance on Employee Performance at PT. AngkasaPura I (Persero) Sultan Aji Muhammad SulaimanSepinggan Airport-Balikpapan". *IOSR Journal of Dental and Medical Sciences (IOSR-JDMS)*: 40–47. https://doi.org/10.9790/0853-1906044047.

Tumanggor, R. O. 2018. Kepuasan Kerja dan Subjective Well-Being dari Perspektif Psikologi Industri & Organisasi. Yogyakarta: Andi.

Umam, R., & Setiawan, S. 2019. "Analisis Simultan Komitmen Organisasional dan Organizational Citizenship Behavior Terhadap Kinerja Karyawan". *Jurnal Ilmu Manajemen Dan Bisnis Islam*, 5: 116–138, 559–565. https://doi.org/10.5220/0006889505590565.

Utama, Z. M. 2020. Manajemen Sumber Daya Manusia. Jakarta: Zahera Mega Utama, UNJ Press.

Utami, Sapta, Astakoni, & Nursiani. 2020. "Peran Gender Sebagai Variabel Moderasi Pada Model Komitmen Organisasional ,Organizational Citizenship Behavior Dan Kinerja Karyawan". 14(12): 3551–3568.

Wahyuni, T., & Kurniawan, S. 2018. "Pengaruh Motivasi dan Kepuasan Kerja Terhadap Komitmen Organisasional serta Dampaknya Pada Kinerja Karyawan (Studi Kasus pada

Manajemen Pusat Waroeng Spesial Sambal Yogyakarta)". *Jurnal Manajemen*, 8(1): 66–78. https://doi.org/10.26460/jm.v8i1.650.

Wardhani, N. K., Thariq, M., & Aziz, A. 2018. "Sistem Informasi Manajemen Sumber Daya Manusia Berbasis Web (Studi Kasus: PT. Klik Teknologi Indonesia)". *Jurnal Techno Nusa Mandiri*, 15(2): 145–152.

Widodo, S. E. 2015. Manajemen Pengembangan Sumber Daya Manusia. Yogyakarta: Pustaka Pelajar.

Windrawati, F., Purwanto, A., & Mas, N. 2020. "Analisis Budaya Organisasi dan Kepuasan Kerja Terhadap Kinerja Karyawan dengan Komitmen Organisasional Sebagai Variabel Intervening (Studi pada Department Maintenance PT POMI)". *Jurnal Ilmu Manajemen*, 6(1): 1–12. http://repositorio.unan.edu.ni/2986/1/5624.pdf.

Wurianto, A. B. 2019. "Literasi Bahasa Dan Sastra Indonesia Menuju Kewirausahaan Profesi". *Prosiding Seminar Nasional Bahasa Dan Sastra*: 10–17.

Yusuf, R. M., & Syarif, D. 2018. Komitmen Organisasi : Definisi, Dipengaruhi, Mempengaruhi. Makassar: Nas Media Pustaka.

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

Arbianus Rivaldi
Institut Teknologi dan Bisnis ASIA, Indonesia

Dr. Moh. Bukhori, S.E., M.M
Institut Teknologi dan Bisnis ASIA, Indonesia

Dr. Fathorrahman, S.E., M.M
Institut Teknologi dan Bisnis ASIA, Indonesia

Email Correspondence: arbirivaldi1993@gmail.com

ABSTRACT

This research is motivated by the author's curiosity about student achievement at SMA Plus Kopi Colol which is a "role model" for other schools in East Lamba Leda District, where this school is located. Researchers suspect learning achievement at SMA Plus Kopi Colol is influenced by learning motivation, learning style and a good learning environment. This study aims to determine the effect of learning motivation on learning achievement, the effect of learning style on learning achievement and the influence of the learning environment on learning achievement. This research is quantitative descriptive. The population of this research is class XI SMA Plus Kopi Colol totaling 171 students. The samples taken were 48 students. The sampling technique is purposive sampling. Collecting data by using a questionnaire. The analytical technique used is multiple linear regression analysis and this study uses the SPSS for Windows 21.0 statistical analysis tool. The results showed that learning motivation had a positive and significant effect on learning achievement as indicated by the regression coefficient value of 0.884. Learning style has a positive and significant effect on learning achievement which is indicated by the regression coefficient value of 0.482. The environment has a positive and significant effect on learning achievement which is indicated by the regression coefficient value of 0.350. Learning motivation, learning style and environment simultaneously have a positive and significant effect on learning achievement in class XI students of SMA Plus Kopi Colol.

KEYWORDS: Learning Motivation, Learning Style, Learning Environment, Student Achievement

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

Introduction

Education is very influential in human life. In the Preamble to the 1945 Constitution, one of the goals of education is to educate the life of the nation and state. The factors that affect student achievement are so many that they are classified into these factors. According to (Mulyasa, 2013) there are several things that affect learning achievement can be grouped into four, namely: "(a) the material or material being studied; (b) environment; (c) instrumental factors; and (d) the condition of the students. These factors, either separately or together, make a certain contribution to the learning achievement of students.

Student learning achievement is the main target to be achieved by educational institutions. As an educational institution, SMA Plus Kopi Colol has a main target in terms of learning achievement for all students. This can be seen from the various achievements that are often achieved by students at SMA Plus Kopi Colol. Although it was founded in 2010 this high school is an outstanding school in East Manggarai district. Achievements can not be separated from student achievement and the hard work of educators. Every time there is a quiz competition at the sub-district and district level, SMA Plus Kopi Colol students get first, second and third place for all subjects.fact, this school is used as a "*role model*" for other schools in the East Lamba Leda sub-district, where this school is located.

Embedded in the facts above is the reason the researcher wants to conduct research at SMA Plus Kopi Colol. The author suspects that student achievement in this school is influenced by high student motivation, learning styles and an environment that is conducive to learning. The author's assumption is supported by the following facts that the author found at the SMA Plus Kopi Colol school.

Regarding learning motivation, SMA Plus Kopi Colol students have shown high motivation in learning. This can be seen clearly from a great desire to learn. Students love the extra lessons in the afternoon that the school recommends. On such occasions they try to ask the teacher for material that has not been understood. In addition, the students also like practicum activities and other training outside school hours such as the practice of processing coffee from land processing, nurseries, rejuvenation until the coffee is ready to be marketed. Other training also includes sports, music, arts and dance activities. There is also the fact that students have high hopes and aspirations to succeed. This can be seen from the willingness to continue studies at various universities through scholarships and achievements. To achieve these expectations, students try their best to take additional lessons and even take the initiative to ask the teacher about the difficulties experienced in learning.

Regarding learning styles, Sternberg quoted (Santrock, 2012) states that "*learning and thinking styles*are not abilities, but the preferred way to use or utilize one's abilities." Researchers found the fact that there were many students of SMA Plus Kopi Colol who

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

preferred learning activities by way of practice and demonstration. For students, such learning activities can absorb material comfortably so that they remember the lesson easily.

Regarding the learning environment, Niranjan Banik, et al said that the influence of the environment is closely related to the reciprocal relationship between students and students, students and teachers in an educational environment. These transactional relationships play an important role in the world of education (Niranjan Banik, Adam Koesoemadinata, Charles Wagner, Charles Inyang, 2013). Researchers found the fact that students studying at SMA Plus Kopi Colol had a good and conducive learning environment. The social environment in which this school stands provides comfort in learning in the form of good motivation from parents and teachers, a quiet and clean school environment, adequate stationery, and the availability of learning facilities. Although educational facilities and infrastructure are not as complete as in schools in urban areas, educators and the community around these schools always provide support and maintain conduciveness to student learning activities. In addition, researchers also found the fact that most of the people in this area make a living as coffee farmers with low incomes.

Nevertheless, parents always support their children to study, because in general in remote areas, after school hours, children are obliged to help their parents with their work. Different facts in this area. Parents support their children to learn, both during the learning process and outside of learning hours. Likewise, educators who have a great desire to help and motivate students in learning. There are many teachers who teach free to students. The school also works with parents to provide support for students who want to enter level XI and XII so that they can choose dormitories that are close to the school environment. The goal is for students to concentrate more on studying and take additional lessons in the afternoon.

Research conducted by Muhammad Miftah Farid (Farid, 2014) entitled 'The Influence of Learning Motivation, Learning Style, and Learning Environment on Economic Learning Outcomes at SMA Negeri I Wringinanom Gresik. The results of the study show that these three things have a positive and significant impact on learning outcomes. However, the results are different from the research conducted by Hamsar (Hamsar, 2017) with the title: "The influence of learning styles on the learning outcomes of class IX students in the Natural Sciences subject at Madrasah Tsanawiyah Alauddin Pao-Pao".the facts described above, the writer is interested in studying more deeply about, "The Influence of Learning Motivation, Learning Style and Environment on Student Achievement in Class XI SMA Plus Kopi Colol, East Lamba Leda District, East Manggarai Regency, East Nusa Tenggara."

Learning Motivation

Mc. Donald and Oemar Hamalik stated that motivation is a change in energy in a person which is characterized by the emergence of "feelings" and is preceded by a response to the existence of goals (Donald & Hamalik, 2013). According to Winkel in Darsono motivation is the overall psychic driving force in students that causes learning activities and gives direction to activities

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

learning, in order to achieve learning objectives (Darsono, 2000). Motivation is defined as a process that describes the intensity, direction, and persistence of an individual to achieve his goals. Robbins, (2008).

According to Sardiman (2009) states that motivation functions as a driving force for every activity that is carried out. Determine the direction of action towards the goal to be achieved. Thus, motivation can provide direction and activities that must be carried out in accordance with the formulation of its objectives. According to Uno (2008) the achievement motive is the motive to succeed in doing a task or job, the motive to obtain perfection. In this case, it is the drive to achieve the ideal self. Motivation when associated with learning, in this case is achievement, it will describe the drive for different achievements in a person. A person's achievement motivation can be studied physically, when someone has an achievement drive, there will be a tendency for differences in attitudes towards a positive direction to achieve certain goals.

Rahmat (2010) states that to achieve success, achievement motivation is very necessary. In other words, achievement motivation is having the desire to be the best. Without the desire to be the best, it will cause someone to do something carelessly or carelessly. Work from work, business from business, and learning from learning. For this reason, it is necessary to have achievement motivation, which is to always try to work with the best possible results, not carelessly, not random, or just being there. Because that's the only thing that makes everyone able to survive in the midst of increasingly fierce competition.

According to Uno (Uno, 2007) the nature of learning motivation is internal and external encouragement to students who are learning to make changes in behavior, generally with several indicators or supporting elements, namely as follows :

1. The existence of desire and desire to succeed.
2. There is a drive and a need for learning.
3. There are hopes and aspirations for the future.
4. There is an appreciation in learning.
5. There are interesting activities in learning.
6. The existence of a conducive learning environment, thus enabling a student to learn well.

Previous research conducted by Frandy Pratama, Firman, and Neviyarni (2019) showed that there was an influence of learning motivation on learning outcomes. Meanwhile, Irvan Zulpadri and Elvina Safitri (2019) said that learning motivation has a significant influence on learning achievement. At the same time, Desi Patulak (2019) also found similar results that learning achievement motivation has a positive and significant influence on learning achievement of .

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

Learning Style

Learning styles according to De Porter and Henarcki (2000) there are two main categories of how we learn, namely first, how we absorb information easily (modalities) and second, how we organize and process that information (brain dominance). A person's learning style is a combination of how he absorbs, and then organizes and processes information. In addition, the learning style is also the way a person obtains information in the most comfortable way and provides the opportunity for the person to remember the information as new knowledge (Rose & Nicholl, 2006). Learning style is a convenient way of obtaining and remembering information.

Meanwhile, according to Nasution that learning style or *learning style* is the way students react and use the stimuli they receive in the learning process (Nasution, 2013). That learning style is a reaction caused as a result of the stimuli given during learning. Based on the understanding of learning styles above, it can be concluded that learning styles are the way students receive, capture and process information in the learning process.

Nasution (2013) explains three aspects of learning style indicators:

1. Knowing the characteristics of visual learning styles, with instruments including people who like to talk quickly, always pay attention to lessons in detail, including people who like to pay attention to appearance before making a presentation, easier to remember which is seen rather than listening to explanations, prefers to read books by themselves rather than being read, prefers demonstrations to lectures when the teacher explains the subject matter and prefers to answer questions briefly.
2. Knowing the characteristics of auditory learning style, with instruments including talking to myself when I'm doing assignments. Disturbed by noise when studying, likes to read aloud and listen while studying, can explain to friends who don't understand it, and includes people who can imitate anyone's voice.
3. Knowing the characteristics of the kinesthetic learning style, with instruments including preferring to speak slowly, preferring to pull a friend's hand when they need help, likes talking to friends at a close distance, including people who like to do things with a lot of motion, prefer to learn with way of practice; including people who do not like to wait by sitting still for a long time, like to get lost if they have never been to the area, and writing is difficult for people to understand (bad).

The research findings of Joenita Darmawati (2013) show that it concludes that there is a significant effect of motivation on student achievement and the significant effect of learning style on learning achievement. Setiana (2020) found that there is an influence of learning style with achievement students significantly and relationship pattern unidirectional. Ibnu R. Khoeron (2014) also found the same thing, namely learning style had a significant effect on learning achievement. Meanwhile, Hamsar (2017) found the opposite, namely that there was no significant effect of learning style on student learning outcomes.

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

Learning Environment

Dalyono (2007) suggests that "The learning environment is a place where learning activities take place that get external influences on the sustainability of these activities. The environment which is a source of learning has an influence in the learning process. The environment in a narrow sense is the natural surroundings outside the individual or human being. The environment includes all materials and stimuli inside and outside the individual, both physiological, psychological, and socio-cultural. Meanwhile, according to Muhammad Saroni (2006) the learning environment is everything related to the place where the learning process is carried out. This environment includes two main things, namely the physical environment and the social environment, the two aspects of the environment in the learning process must support each other, so that students feel at home in school and want to follow the learning process consciously and not because of pressure or coercion ".

Slameto (2010) The indicators of the learning environment are as follows:

1. The state of the school where the study is located.
2. Teacher teaching methods.
3. Condition of school buildings and school facilities.
4. The relationship between students and teachers.
5. Implementation of school rules.
6. association.
7. Parent participation.

The findings of Nisa Fadlilah (2018) and Zeni Nur Atiya, Drs. Sujiran, M.Pd, Dian Nurul Safitri, M.Pd (2020) there is an influence of the Learning Environment on Student Achievement.

Learning Achievement

Suwarkono et al said that "Learning achievement is the learning achievement achieved by students after studying (Suwarkono et al, 2008: 68)." In this case the learning outcomes in question are the results of daily tests obtained by students, this is reinforced by Abdul Kadir who stated that, "Learning achievement is one measure of the success rate of students after undergoing the learning process (Kadir, 2005: 223)." This success is usually measured within a certain period of time, for example several meetings, a quarter or semester even after graduating at the final level. Learning achievement can provide progress for a student after getting subject matter that has been taught at school, as stated by Rahim (2010: 80) which states that, "Learning achievement is a positive effort he does so that his knowledge changes towards progress after receiving subject matter."

From the description above, it can be concluded that learning achievement is the mastery of knowledge and skills developed in the field of study obtained through the student's business process in the active interaction of the subject with his environment which can be seen from student learning outcomes.

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

Nasution, S (1987) suggests that learning achievement is said to be perfect when it meets three aspects, namely cognitive, affective and psychomotor. These three aspects are indicators for evaluating student achievement. These three aspects are described this.

1. Cognitive Aspect. Things that are considered from the cognitive aspect include knowledge, understanding, application and analytical skills. This can be seen clearly from the ability to explain and define verbally the material that is absorbed by students. can then put forward concrete examples, conclude the material, have critical reasoning on the material received, and be able to classify and generalize the material being studied.
2. Affective Aspect. As an indicator of learning achievement, affective aspects include attitudes shown by students during the learning process. In its application, children who excel will bring up the attitude of receiving material well, responding, respecting others, able to work in teams and able to show strong character in daily activities.
3. Psychomotor aspects which include physical skills that are raised by students during the learning process. Students are said to have achieved good performance and are able to coordinate the movements of the hands, eyes, feet and other body parts well.

COCEPTUAL FRAMEWORK AND HYPOTHESES

This conceptual framework is a conceptual model of how theory relates to various factors that have been identified as important issues. Theoretically it is necessary to explain the relationship between the independent variable and the dependent variable. Based on the literature review and previous research, a conceptual framework of the research can be drawn up as can be seen in Figure 1. Here, learning motivation, learning style and learning environment are independent variables, while learning achievement is the dependent variable.

Figure 1 Research conceptual framework

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR
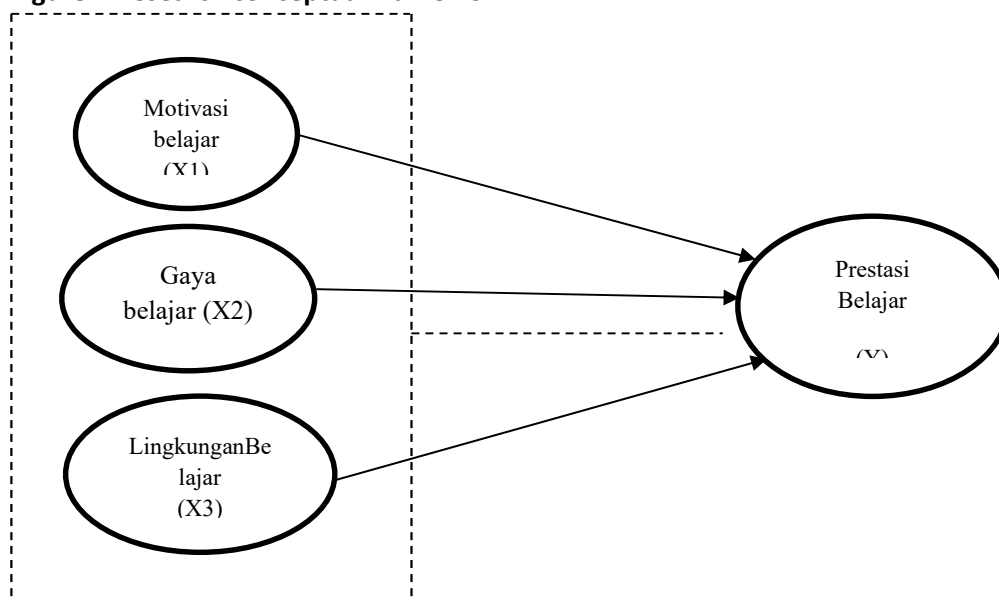
The hypotheses in this study can be described as follows:

H1: Learning motivation has a positive and significant effect on learning achievement in class XI students of SMA Plus Kopi Colol.

H2: Learning style has a positive and significant effect on learning achievement in class XI SMA Plus Kopi Colol.

H3: The learning environment has a positive and significant effect on learning achievement in class XI students of SMA Plus Kopi Colol.

H4: Learning motivation, learning style and environment simultaneously affect the learning achievement of Class XI students of SMA Plus Kopi Colol on learning achievement of students of class XI SMA Plus Kopi Colol.

Method

Types of Research, Population, Sampling Techniques, Research Samples and Data Analysis Techniques

This research is a causal associative study using a quantitative approach. This study analyzes the effect of learning motivation, learning style and environment on student achievement in Class XI SMA Plus Kopi Colol, East Manggarai. The data used is quantitative primary data through an instrument in the form of a questionnaire taken directly from the field. The research population was 171 students of class XI SMA Plus Kopi Colol. The samples taken were 48 students. The sampling technique is *purposive sampling*. The analysis technique used is Windows 21.0 analysis.

Fulfillment of Assumptions and Multiple Linear Regression Analysis

Before conducting multiple linear analysis, there are several assumptions that must be met if the research data is quantitative primary data, including: The research instrument must be valid, the respondent's answers must be reliable, the data are normally distributed, there is no multicollinearity, and there is no heteroscedasticity occurs. Thus, the data will be BLUE (*Best Linear Unbiased Estimator*) so that it meets the OLS (*Ordinary Least Square*) rule. Furthermore, multiple linear regression analysis was carried out consisting of 4 parts, namely the determination test or R-square, simultaneous test (F test), the formation of a regression model and the T test to determine the significance of the coefficients of each independent variable.

Result

Research Instrument Validity Test

Based on statistical calculations, it is known that the significance value of learning motivation is0.840, learning style is 0.4857, learning environment is 0.670 and the calculated r values of this independent variable are greater than 0.2845. (r table in this study) at a significance level

of 0.05. That is, the instrument used to measure each variable, namely a questionnaire or questionnaire, is valid or valid.

Respondent's Answer Reliability Test

Based on the calculation, *Cronbach's Alpha* of all learning motivation variables was 0.784, greater than 0.2845; learning style variable is 0.767 which is greater than 0.2845; learning environment variable of 0.690 is greater than 0.2845; learning achievement variable 0.888 is greater than 0.2845. That is, the answers or opinions of respondents to the research instrument in the form of statements related to the indicators of each variable measured by a reliable or consistent or reliable Likert scale.

Figure 2. Normality Test
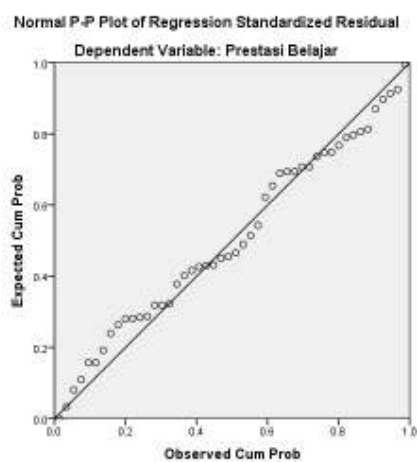
Source: Data processed 2022

Based on Figure 2 above, it can be seen that the residual points tend to spread between diagonal lines, thus the residuals are declared to be normally distributed so that the assumption of normality is met.

Table 1 Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Learning Motivation	.320	3,124
	Learning Style	.929	1,077
	.324	Environment	3,085

Source *: Processed data, 2022*

Table 1 shows that the results of the multicollinearity test shows that the VIF value of all independent variables in this study is less than 10, and the Tolerance value of all independent variables is greater than 0.1, which means that there are no symptoms of multicollinearity.

Figure 3. Graph Method *Scatterplot*
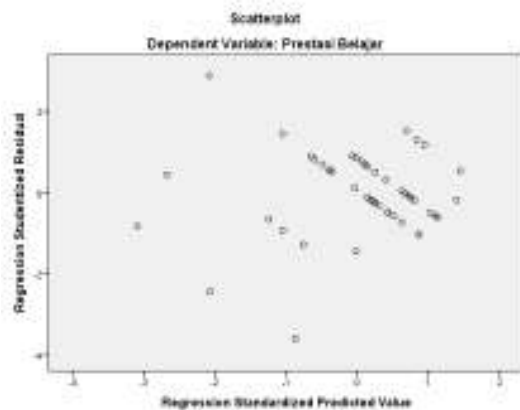
Source: Processed data, 2022.

The results of the heteroscedasticity test show that the points spread randomly, do not form a certain clear pattern, and are well spread over or below the number 0 (zero) on the Y axis, this means that there is no deviation from the classical assumption of heteroscedasticity in the regression model made.

Table 2. Test results with multiple linear regression

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	.079	2.715		.029	.977
Learning Motivation	.884	.177	.820	5,000	.000
Learning Style	.482	.111	.419	4.346	.000
Learning Environment	.350 .169		.336	2,062	.045

Source *: Processed Data , 2022*

From the table above, a research model can be drawn up as follows:
Y = 0.079 + 0.884 X1 + 0.482 X2 + 0.350 X3+ e   1

Based on the regression model value above, it can be explained that based on the line model formed, it is known that the regression constant is positive at 0.079. This means that if the variables of learning motivation, learning style, and learning environment remain or do not change or decrease, learning achievement class XI SMA Plus Kopi Colol is equal to (0.079) units.

The learning motivation regression coefficient is positive at 0.884. This means that the higher the learning motivation of class XI students of SMA Plus Kopi Colol, the higher the learning achievement of class XI students of SMA Plus Kopi Colol. As for every increase of 1 unit of learning motivation can increase learning achievement XI grade students of SMA Plus Kopi Colol amounted to 0.884 units.

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

The learning style regression coefficient is positive at 0.482. This means that the higher the understanding of learning styles in each class XI student of SMA Plus Kopi Colol, the better the learning achievement of class XI students of SMA Plus Kopi Colol. As for every increase of 1 unit of learning style can increase the learning achievement of class XI students of SMA Plus Kopi Colol by 0.482 units.

The learning environment regression coefficient is positive at 0.350. This means that the higher or better the level of conducive learning environment owned by class XI students of SMA Plus Kopi Colol, the higher the learning achievement of class XI students of SMA Plus Kopi Colol. As for every increase in 1 unit of the learning environment, the learning achievement of class XI students of SMA Plus Kopi Colol is 0.350 units.

Table 3. Partial Test Results (t-test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.079	2.715		.029	.977
Learning Motivation	.884	.177	.820	5,000	.000
Learning Style	.482	.111	.419	4.346	.000
Learning Environment	.350	.169	.336	2,062	.045

Source *: Processed Data , 2022*

Based on table 3 above, it can be concluded that the t value of the variable is obtained learning motivation is 5,000 and the T-table is 2,01537, thus the t-count value is greater than the t-table (5,000>2,01537). While the significance value (Sig.t) is 0.000. Value of Sig. t is smaller than the value of alpha (α) in this study which is equal to 5% (0.05) which means that H_0 rejected and H_1 accepted. It can be concluded that the variable of learning motivation has a significant partial effect on student achievement in class XI SMA Plus Kopi Colol.

Obtained the value of t arithmetic from the variable learning style is 4.346 and t-table is 2.01537, thus the t-count value is greater than t-table (4.346 > 2.01537). While the significance value (Sig.t) is 0.000. Value of Sig. t is smaller than the value of alpha (α) in this study which is equal to 5% (0.05) which means that H_0 rejected and H_2 accepted. It can be concluded that the learning style variable has a significant partial effect on student achievement in class XI SMA Plus Kopi Colol.

Obtained the value of t arithmetic from the variable the learning environment is 2.062 and the t-table is 2.01537, thus the t-count value is greater than the t-table (2.062 > 2.01537). While the significance value (Sig.t) is 0.045. Value of Sig. t is smaller than the value of alpha (α) in this study which is equal to 5% (0.05) which means that H_0 rejected and H_3 accepted. It can be concluded that the learning environment variable has a significant partial effect on student achievement in class XI SMA Plus Kopi Colol.

THE EFFECT OF LEARNING MOTIVATION, LEARNING STYLE AND LEARNING ENVIRONMENT ON LEARNING ACHIEVEMENT OF CLASS XI STUDENTS PLUS KOPI COLOL, MANGGARAI TIMUR, NUSA TENGGARA TIMUR

Table 4. Simultaneous test results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	130,210	3	43,403	24,035	000[b]
1	Residual	79,457	44	1,806		
	Total	209,667	47			

Source *: Processed data, 2022*

As in table 4 above, the f-count value is 24.035 and the f-table value is 2.82, thus the f-value count is greater than the f-table value (24.035>2.82) while the sig./probability value is 0.000 and the alpha value is 0.05(5%). The test results show the value of sig./probability (0.000) is smaller than the alpha value of 0.05 (5%) thus H_0 rejected and H_3 accepted. This shows that there is a simultaneous significant influence (together) between learning motivation, learning style and learning environment on the learning achievement of class XI students of SMA Plus Kopi Colol.

Table 5. Determination coefficient test results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788[a]	.621	.595	1.34382

Source: Data processed, 2022

The predictive power of the regression model (R^2) formed in this test is 0.494 which indicates that the magnitude of the influence between the variables of learning motivation, learning style and learning environment on student achievement in class XI SMA Plus Kopi Colol. which is 0.621 (62.1%) and the remaining 0.379 (37.9%) is influenced by other factors or variables that are not included in this research model.

Discussion

Based on the above analysis, it is known that the three independent variables (learning motivation, learning style and learning environment) have a positive and significant effect on student achievement in class XI SMA Plus Kopi Colol. Thus, SMA Plus Kopi Colol as an educational institution needs to pay close attention to the learning motivation, learning style and learning environment of students. Because one of the main tasks of educational institutions is the achievement of the ultimate goal of the learning process, namely students who excel.

Conclusion

Based on the results of data analysis, it can be concluded that learning motivation, learning style and environment have a positive and significant effect on student achievement in class XI SMA Plus Kopi Colol. In order to improve learning achievement, SMA Plus Kopi Colol is advised to pay attention to student motivation in learning, understand student learning

styles in order to find the right method in the learning process, and still create a good learning environment for students.

Reference

Dalyono. 2009. Psikologi Pendidikan Komponen MKDK. PT Rineka Cipta.

Darmawati, J. 2013. "Pengaruh Motivasi Belajar Dan Gaya Belajar Terhadap Prestasi Belajar Ekonomi Siswa Sma Negeri Di Kota Tuban". *Jurnal Ekonomi Pendidikan Dan Kewirausahaan*, *1*(1): 79. https://doi.org/10.26740/jepk.v1n1.p79-90.

Darsono. 2000. Belajar dan Pembelajaran. IKIP Press.

DePorter and Henarcki. 2000. Quantum Learning. Gramedia.

Donald, M., & Hamalik, O. 2013. Teori Belajar, Motivasi Dan Keterampilan Mengajar. Universitas Terbuka.

Fadlilah, N. 2018. "Pengaruh Lingkungan Belajar terhadap Prestasi Belajar Aqidah Akhlak Siswa Kelas X di Sekolah MAN 3 Sleman Yogyakarta". *Journal of Chemical Information and Modeling*, *53*(9): 29.

Farid, M. M. 2014. "Pengaruh Motivasi Belajar, Gaya Belajar, dan Lingkungan Belajar pada Hasil Belajar Ekonomi di SMA Negeri 1 Wringinanom Gresik". *Journal Unesa.*, *2*(2): 142–156.

Hamsar. 2017. "Pengaruh Gaya Belajar Terhadap Hasil Belajar Siswa Kelas IX pada Mata Pelajaran IPA MadrasahTsanawiyah Alauddin Pao-Pao". *Fakultas Tarbiyah Dan Keguruan UIN Alauddin Makassar*.

Kadir, A. (n.d.). Pengenalan Sistem Informasi. Andi.

Khoeron, I. R., Sumarna, N., & Permana, T. 2014. "Pengaruh Gaya Belajar Terhadap Prestasi Belajar Peserta Didik Pada Mata Pelajaran Produktif". *Journal of Mechanical Engineering Education*, *1*(2): 291. https://doi.org/10.17509/jmee.v1i2.3816.

Mulyasa. 2013. Pengembangan dan Implementasi Kurikulum. PT Remaja Rosdakarya.

Nasution, S. 2013. Berbagai Pendekatan dalam Proses Belajar dan Mengajar. Bumi Aksara.

Patulak, D. 2019. "Pengaruh Motivasi Berprestasi terhadap Prestasi Belajar Siswa pada Mata Pelajaran Ekonomi di SMK Imanuel Smart Rantepao Kabupaten Toraja Utara". *Jurnal Ekonomika*, *3*(2): 1–14.

Pratama, F., Firman, & Neviyarni. 2019. "Pengaruh Motivasi Belajar IPA Siswa Terhadap Hasil Belajar Di Sekolah Dasar Negeri 01". *Edukatif: Jurnal Ilmu Pendidikan*, *1*(3): 280–286.

Rose, C., & Nicholl, M. J. 2006. Cara Belajar cepat Abad XXI. Nuansa.

Sardiman, A. M. 2011. Interaksi & Motivasi Belajar Mengajar. PT. Raja Grafindo Persada.

Saroni, M. 2006. Manajemen Sekolah: Kiat Menjadi Pendidik yang Kompeten. Ar-Ruzz Media.

Setiana. 2020. Pengaruh Gaya Belajar Terhadap Prestasi Belajar Siswa. *Jurnal Fakultas Keguruan & Ilmu Pendidikan*, *1*(1): 50–58.

Slameto. 2010. Belajar dan Faktor-faktor yang Mempengaruhi. Rineka Cipta.

Suwarkono. 2008. "Upaya Meningkatkan Prestasi Belajar Matematika Siswa Melalui Pemantapan Awal di Kelas X SMAN 7 Jakarta". *Lingkar Mutu Pendidikan*, *1*(1).

Uno, H. B. 2007. Teori Motivasi dan Pengukurannya. 3rd ed. Bumi Aksara.

Zulvadri, I., & Safitri, E. 2019. "Pengaruh Motivasi Belajar Terhadap Prestasi Belajar Siswa Kelas Xi Ips Sma Negeri 6 Merangin". *Jurnal Tunas Pendidikan*, *2*(1): 31–40. https://doi.org/10.52060/pgsd.v2i1.190.

EFFECT OF INTERNET NETWORK QUALITY, PRICE AND SERVICE ON ZOID.NET CUSTOMER SATISFACTION IN CUKURGULING VILLAGE, LUMBANG DISTRICT, PASURUAN REGENCY

Mohammad Suyuthi

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Ike Kusdiyah R

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Fathorrahman

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Email Correspondence: suyuthi01@gmail.com

ABSTRACT

The background of this research is to determine the satisfaction of customers who have used the zoid net network by knowing in terms of network quality, price and service from the zoid net network. The purpose of this study was to determine and analyze: the effect of internet network quality on zoid net customers in razorguling village, lumbang sub-district, pasuruan district. The effect of price on zoid net customers in razorguling village, lumbang sub-district, pasuruan district, the effect of service on zoid net customers in razorguling village, lumbang sub-district, pasuruan district. This type of research is quantitative research using SPSS software. The population in this study are zoid net customers who have subscribed for more than 6 months located in razorguling village, lumbang district, pasuruan district, the number of voucher customers is 50 customers, monthly customers are 20 customers, the number of samples is 70 customers. The data collection method in this study used a questionnaire that was distributed manually. The results of this study indicate: Network quality has a positive and significant effect on zoid net customers in Razukur village, Lumbang district, Pasuruan district, price has a positive and significant effect on zoid net customers in razorguling village, Lumbang sub-district, Pasuruan district, and service to zoid net customers in the village. razorguling, Lumbang sub-district, Pasuruan district. . Network quality, price, and service simultaneously affect zoid net customers in razorguling village, lumbang sub-district, pasuruan district

KEYWORDS: Internet Network Quality, Price, Service, Customer Satisfaction.

Introduction

Wireless is also a wireless network that uses air as its transmission medium to transmit waves. The development of wireless has actually started a long time ago and has been scientifically proven by scientists with the discovery of radio and then continued with the discovery of radar. Then with the growing need for information for humans, the use of wireless is increasing and not only for the use of radio and radar. Currently wireless technology is growing rapidly, it can be seen by the naked eye with the increasing use of cellular phones, besides that wireless technology is also developing which is used for internet access.

Also for internet server owners, RT RW net itself has various kinds of obstacles for installation in several locations such as in rural areas or villages with lots of trees. So that internet service business actors find it difficult to spread their network, in this modern era there are many supporting tools that can help internet network business actors to expand their network more easily. Such as using point-to-point and point-to-multi-point antennas by installing a transmitter over the air with various certain distances according to the power of the tool it uses, such as that used by zoid.net.

Zoid net uses two methods, namely by using antennas for long-distance network deployment starting from 1 kilometer and the second using lan cables or fiber optic cables for distances close to the zoid net server location. In these two ways, the zoid net can spread its network from locations that have not been covered by the internet to remote areas such as highlands located in mountains with many tall trees. Wifi internet service is very much needed by the community and has become a basic need to find information and communicate. There are several wifi such as Wifi.id which is a wireless-based public internet network service or hotspot provided by PT. Indonesian Telecommunications. PT. Telekomunikasi Indonesia is one of the providers of public wireless internet services with technology based on IEEE 802.11b/g/n using work standardization at a frequency of 2.4 GHz with a speed of up to 72 Mbps and an access point with a frequency of 5 GHz with a speed of up to 300 Mbps from the access point to the Internet gateway based on best performance based on IEEE 802.11n technology. One of the service innovations provided by Telkom is the Wifi.id corner which is a public facility that provides high-speed internet access up to 100 Mbps.

There are several providers that provide ISPs for RT RW net internet service providers, such as PT. Lintas Nusantara Network, HSP net, indocyber that already has an ISP license or internet network. One of the RT RW net internet network service providers is zoid net, the zoid net was built in 2019 which is located in Cukurguling Village, Lumbang District, Pasuruan Regency. It has customers from the office segment to village communities. There are two kinds of hotspots on zoid.net, vouchers and monthly. For those who use vouchers, most of them are easy children who are in hangouts or coffee shops, and for monthly ones, most of them are from home or used alone. Most of the voucher users have internet networks distributed in coffee shops, or places to hang out. For monthly users, it is used for customers who are at

home or in the office, used for work, connected to smart tv, cctv, or used 24 hours in place. Locations installed by internet networks such as hotspots or vouchers are intentionally installed in crowded places, so that hotspot users can gather and use internet network services more optimally Customer satisfaction is very important to build a more advanced business in order to increase profits for the company. Therefore, customer satisfaction to date it has become an integral part of the vision, mission, objectives, position statements, and various other things in a company that are discussed in full in the book Customer Satisfaction, Concept, Measurement, and Strategy.

Zoid net customer satisfaction is still lacking with less stable internet connection during the rainy season and during strong winds. Most of the zoid net customers are workers, so that the quality of the network is very influential on customer satisfaction. Satisfaction customers are also the responsibility of the company, so that the company can be more advanced and make the company more developed. All customers expect good service from the service or product they buy, both in terms of promotion, price, quality and service as well as service before and after buying the product/service. Customers have the right to correct information and product/service conformity with advertisements, then suitability with prices and services. For example, there is a guarantee and how long the warranty is, or the availability of a service center, as well as a guarantee if there is a discrepancy with the product/service that has been purchased or used.

In marketing, price is the most important unit. In addition, price is one of the determinants of the company's success in running its business. A successful company is judged by how much profit the company gets from the price it determines in selling its products or services. Price is the amount of money that consumers have to pay to sellers to get the goods or services they want to buy. Price is the embodiment of the value of an item or service in units of money. Price is the value given to what is exchanged. Price can also mean purchasing power to achieve satisfaction and benefits. The higher the benefits that a person feels from certain goods or services, the higher the exchange value of the goods or services. the following services.

The service from the zoid net itself for the dry season is arguably good and in the rainy season there are many complaints from customers such as the disconnection of the internet connection due to the factor of the equipment used having an effect when it rains or when the wind is strong and causes the signal to decrease, the signal traffic changes from the server to the customer's location. . At this time the zoid net to overcome this problem is still trying to find a solution so that during the rainy season there is no signal whose quality decreases, such as making additional grid antennas. The quality of the network also affects the company's financial management, so the company makes agreement rules with customers and also makes attractive promos such as examples of free installation fees or discounts for installing internet networks with certain packages. The problem faced in every company is how to satisfy the customer in accordance with the expectations and desires of the customer after making a comparison of the performance or results he feels compared to his expectations.

EFFECT OF INTERNET NETWORK QUALITY, PRICE AND SERVICE ON ZOID.NET CUSTOMER SATISFACTION IN CUKURGULING VILLAGE, LUMBANG DISTRICT, PASURUAN REGENCY

The level of customer satisfaction with an item or service will reflect the level of success of the company in marketing its products. Service is the main key to achieve success in various aspects of business or business activities engaged in services. Service will be very decisive in every activity in the community if there is competition in it. It could be that the products sold are the same or the services offered are also the same but why the response from the community can be different, all of that is due to the service to different customers.

Based on the description above, it can be seen that many factors affect customer satisfaction such as the quality of the internet network, price and service. Network quality must be maintained in order to obtain stable quality so that customers or internet network users can use it optimally. From the results of observations made, it was found that the quality of the zoid internet network there were several server points that experienced less stable internet network signal transmission. The problem faced by every company is how to satisfy customers in accordance with customer expectations and desires after making a comparison between the perceived performance or results compared to their expectations. The level of customer satisfaction with an item or service will reflect the level of success of the company in marketing its products. Customer satisfaction is highly dependent on the performance and expectations of customers (Baskara, 2015). Several communities, offices, restaurants and cafes in Razorguling Village, Lumbang District, Pasuruan Regency, mostly subscribe to the RT RW Net wifi network. This is because products such as Indihome, Biznet and others have not been able to enter the location. Based on the description of the background above, the researchers are interested in conducting research "The Effect of Internet Network Quality, Price and Service on Zoid Net Customer Satisfaction in Razor Guling Village, Lumbang District, Pasuruan Regency".

Internet Network Quality

According to Waode, (2014) Network quality is a point that connects one point to point with available connections so that they can communicate between others to convey information. The internet has various kinds of networks that adapted to the technology used. Because basically every internet user have different internet speeds. Network quality indicator is speed internet, widest coverage to remote cities, and strongest coverage.

Quality is the overall characteristics and characteristics of a product or service that depend on its ability to satisfy stated or implied needs.16 According to Waode as quoted by Aprillia Bunga Cindy, network quality is a point that connects one point to another with available connections so that it can communicate others to convey information. The internet has various kinds of networks that are adapted to the technology used. Because basically every internet user has a different internet speed.

There are eight dimensions of quality developed by Garvin (1988) as cited by Tri Pujiastutik (2006) and can be used as a framework for strategic planning and analysis, especially for products. These dimensions are:

1. Performance of the main operating characteristics of the core product
2. Additional features or features, namely secondary or complementary characteristics
3. Reliability, which is less likely to be damaged or fail to be used
4. Conformance to specifications, namely the extent to which the design and operating characteristics meet the standards that have been previously set.
5. Durability, related to how long the product can continue to be used.
6. Serviceability, including speed, competence, convenience, easy to repair, satisfactory handling of complaints.
7. Aesthetics, namely the attractiveness of the product to the five senses.
8. Perceived quality, namely the image and reputation of the product as well as the company's responsibility to it.

The sources of quality that are commonly encountered include the following:
1. Programs, policies, and attitudes that involve commitment from top management.
2. Information systems that emphasize accuracy, both on time and in detail.
3. Product design emphasizing reliability and extensive product agreement prior to release to the market.
4. Production and labor policies emphasizing well-maintained equipment, well-trained workers, and rapid detection of irregularities.
5. Vendor management that emphasizes quality as the main goal.

Price

Price is the amount of money charged for a product (goods or service), or the amount of value that consumers have to pay to benefit from the product (Kotler and Armstrong (2001) therefore, prices are generally determined by the seller or service owner. But in the art of buying and selling, buyers or consumers can bargain for prices. In marketing, price is the most important unit. This is because of the price is the exchange rate of a product or service expressed in monetary terms. Besides, the price is one of the determinants of the company's success in carrying out the company's success is judged by how much profit it earns company from the amount of the price it determines in selling its products or services With the price understanding explained, the following are some of the functions, purposes and types: - types of prices in general, According to Kotler and Armstrong (2001)

Price Function
1. Reference to the selling value of an item or service.
2. Simplify the buying and selling process.
3. Determinants of profit for the seller or producer.
4. Consumer reference in assessing the quality of goods or services.
5. Determine consumer purchasing power in decision making.

Purpose of Pricing

1. Determine market share. Price determines which market share will be targeted by the seller or producer of an item or service.
2. Increase Profits. The higher the pricing, the higher the profit earned by the seller or producer. However, consumers and producers cannot arbitrarily increase the price of goods, there must be components that are considered, such as consumer purchasing power and others.
3. Maintaining Consumer Loyalty. To maintain consumer loyalty, sellers or producers must determine prices according to their market share.
4. Maintaining Competitiveness. Buyers or producers set prices also to maintain competition between competitors.

Types of Prices
1. Subjective Price. The price is determined based on someone's opinion or opinion on the market price of goods or services to be marketed.
2. Objective Price. The price that has been agreed upon by the seller and the buyer in a transaction.
3. Cost of goods sold. The original price of a product before determining the profit. In other words, a value issued by the manufacturer in making the product. Selling price. The cost of goods that have been added by profit by the seller or producer.

Services
Services can basically be defined as the activities of a person, group or organization either directly or indirectly to meet needs. Moenir (2005) says that service is a process of meeting needs through the activities of others directly. Standard in service is a measure that has been determined as a standardization of good service. In this service standard there is also a service quality standard. Quality is a dynamic condition related to products, services, people, processes and environments that meet or exceed the expectations of those who want them.

Service according to Kasmir (2017) is an act or act of a person or an organization to provide satisfaction to customers, fellow employees, and also leaders. Service and providing support to customers according to Armistead and Clark (1999) is the ability of employees in carrying out their duties, namely providing service and support with full commitment and problem-solving skills at the time of service delivery. Rusydi (2017) argues that service quality is the company's ability to provide the best service quality compared to its competitors.

Kotler (2003) states that service is an action or performance that can be given to others. Services or better known as services can be classified as: into two namely:

1. *High contact service* is a classification of a service where the contact between consumers and service providers is very high, consumers are always involved in a service process the.

2. *Low contact service* classification in which the contact between a consumer and a customer is service provider is too high. Physical contact with consumers only at the front desk which is included in the classification of low contact service. Suppose there is a financial institution.

Customer Satisfaction

According to Djaslim Salidin (2003), the notion of customer satisfaction is a person's feeling of pleasure or disappointment that comes from a comparison between impression of the performance (outcome) of a product with its expectations. According to Philip Kotler and Kevin Lane Keller (2007), consumer satisfaction is a feeling of pleasure or someone's disappointment that arises after comparing the performance (results) of different products considered with the expected performance. According to Tjiptono (2012) satisfaction consumer is a state shown by consumers when they realize that their needs and wants are in accordance with what is expected and well fulfilled. So in short the notion of customer satisfaction is something that consumers are looking for or need to satisfy a desired need needed as a product or service. Have the best product or service and Quality is the target customer. Because the better the quality of this product or service it will play an important role in attracting potential consumers Most customers will believe the company needs (loyalty). Therefore, customer satisfaction to date has become an inseparable part of vision, mission, goals, position statements, and various other things in a company which is discussed in full in the book Customer Satisfaction, Concepts, Measurement, and Strategy.

Benefits of Customer Satisfaction

In doing business, customer satisfaction is very important because it will provide many benefits for the company. The following are the benefits:

Increasing Likes and Loyalty to Products

Satisfaction is the main basis for liking the products or services provided. If the customer likes the service or product, then the customer has a high probability of returning to buy the product or service. Even if they are loyal, they can recommend your product or service to others without you telling them to.

Become a Point of Differentiation

Along with the times, various companies appear with various products or services, this makes the market situation more competitive. Every company competes with each other to get the target market. One of the main differences between companies in business competition is customer satisfaction. Companies that are able to make customers the key to running their business will be able to survive in a competitive business situation. Companies must also position themselves as customers. Think about why the company would recommend a product or service to others. Good service generally can create high customer satisfaction. Satisfaction is used as a point of differentiation for new consumers. Look at your new consumer behavior.

Did your new customer find out about your product or service from someone else's recommendation or did he come himself. You can clearly see where your customers are coming from. New customers who buy your product or your services because of someone else's recommendation generally have better brand knowledge and brand awareness than customers who come in person.

Increase Revenue and Good Image

Customers who are satisfied with the product or service of a company will continue to use the product or service. A completely satisfied customer will spend more money on your product or service than a dissatisfied customer. Satisfied customers will buy your product or service more often than dissatisfied customers. In addition to increasing revenue, satisfied customers will make the image of your product or service better and known to the public. They will not share their experience with your product or service with others without you telling them. Conversely, if they are not satisfied it will worsen the image of the product or service you offer.

Method

Research Approach This

Type of quantitative research can be interpreted as a research method based on the philosophy of positivism, used to examine a particular population or sample, sampling techniques are generally carried out randomly, data collection using research instruments, data analysis is quantitative/statistical with the aim of of testing hypotheses. Has been established (sugiyono argues 2010).

The purpose of this study is to determine whether there is an influence between internet network quality, price and service to customers. In this quantitative descriptive study, the author uses more than one variable to measure the effect of zoid net customer satisfaction in the village of razorguling, lumbang district, pasuruan district. The data collection technique used is a questionnaire/questionnaire in the form of a statement given to the respondent to be filled in according to the actual situation.

Research Place and Time The

Research was conducted at ZOID.NET Cukurguling Village, Lumbang District, Pasuruan Regency. The time used to conduct this research is carried out for a period of approximately 3 (three) months, 1 month of observation, 1 month of data collection and 1 month of data processing which includes presentation in the form of a description and the guidance process takes place. The time of the study was carried out from April to June 2022.

Sampling Method

Population of this study was all zoid.net customers residing in the village of razorguling, totaling 50 voucher customers and 20 monthly customers. This voucher and monthly customer has subscribed for 6 months, the only difference is that there are those who use vouchers at different times from daily to weekly to monthly. This amount is the total of all

customers in the village of razorguling, voucher users and personal or monthly users. Thus, the total population at the time of distributing the questionnaire was 70 customers. The deep sampling technique is a saturated sampling technique. Saturated sampling is a sampling technique if all members of the population are used as samples (sugiyono, 2014). Thus the sample in this study amounted to 70 respondents.

Data Collection Methods

When viewed from the data source, the data collection in this study used primary sources. The primary source is the source of data directly obtained from the first source, namely zoid net customers in the village of razorguling, lumbang district, pasuruan district through a questionnaire (questionnaire). The data from the questionnaire distribution which is the respondents' answers to the questionnaires submitted are then tested for the validity and reliability of the instrument and analyzed using multiple linear regression analysis

Data Analysis Techniques Data

analysis is the process of organizing and sorting data into patterns, categories, and basic units of description so that they can be found. themes and a working hypothesis can be formulated. The analysis data used in this study is quantitative data analysis. Data analysis is presented in the form of numbers which are then explained and interpreted in a description. In this study, data analysis is an activity after data from all respondents or other data sources are collected. Data analysis to answer the hypothesis proposed in this study using multiple linear regression analysis. Linear regression analysis is used to predict how the influence of the independent variable on the dependent variable.

Result

Table 1 Test the Validity of the Network Quality Variable

Pearson	*Correlation*	Sig	Information
X10.753	1.1	0.000	Valid
X10.811	1.2	0.000	Valid
X.30.711	Valid	0.000	X
X1.40.811	0.878	0.000	Valid
X51.5	Based	0.000	Valid

Based on the table above that each question on the network quality variable shows significant results with an error rate of 5% or r count greater than r table so that each statement submitted is valid to measure the network quality variable.

Table 2 Price Variable Validity Test

Pearson	*Correlation*	Sig	Information
X21.1	0, 680	0.000	Valid
X2.2	0.661	0.000	Valid
X2.3	0. 668	0.000	Valid
X2.4	0. 652	0.000	Valid
X2.5	0. 730	0.000	Valid

Based on the table above, each question on the price variable shows significant results with an error rate of 5% or r count is greater than r table so that every statement submitted is valid to measure the price variable.

Table 3 Service Quality Variable Validity Test

Pearson	*Correlation*	Sig	Information
X21.1	0, 586	0.000	Valid
X2.2	0.659	0.000	Valid
X2.3	0. 734	0.000	Valid
X2.4	0.664	0.000	Valid
X20.5	0. 743	0.000	Valid

Based on the table above that each question on the service variable shows significant results with an error rate of 5% or r count more greater than r table so that every statement submitted is valid to measure the service variable. d) Test the Validity of the Customer Satisfaction Variable (Y)

Table 4 Test the Validity of the Customer Satisfaction Variable

Pearson	*Correlation*	Sig	Information
X20.653	0.542	0.836	Valid
X.22.1	0.836	Valid	X
X2.3	0. 610	0.836	Valid
X22.5	690	0.836	Valid

Table above that each question on the customer satisfaction variable shows significant results with an error rate of 5% or r count is greater than r table so that each statement submitted is valid to measure customer satisfaction variables.

Table 5 Reliability Test

Variable	Cronbach Alpha	Information
Network Quality (X1)	0,915	Reliable
(X2)	0, 757	Reliable
(X3)	0, 828	Reliable
Customer Satisfaction (Y)	0, 825	Reliable

Based on the results of reliability testing in table 5.5 shows that all the research instrument of each variable is reliable because all variables have an Alpha value greater than 0.70.

Table 6 Test of Multicollinearity

Variable	*Tolerance*	VIF	Conclusion
Internet Network Quality	0.465	2.148	Non Multicollinearity
Price	0.606	1.649	Non Multicollinearity
Service	0.607	1.647	Non Multicollinearity

The table above shows the tolerance value of the variables of internet network quality, price, and service of 0.465 respectively. 0.606, and 0.607 are more than 0.10 with the VIF values of the three variables being 2.148, 1.649 and 1.647 less than 10 , so it can be concluded that the regression model formed does not detect multicollinearity, so that the non-multicollinearity assumption is fulfilled.

Figure 1 Scatterplot
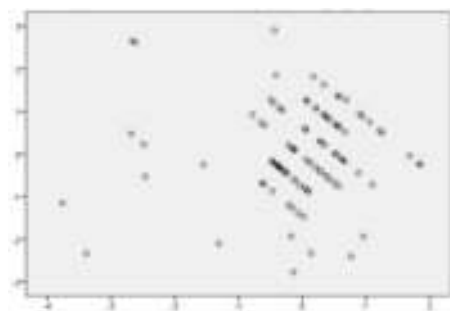
That each observation point is spread out and does not form a pattern, it can be concluded that there is no heteroscedasticity in

Hypothesis Testing

Hypothesis Testing is divided into two, namely simultaneous testing and partial testing, with the following results:

1. Simultaneous Significance Test (F Statistics)

Test) Hypothesis testing (F-test) aims to determine the joint effect of independent variables to the dependent variable. The results of hypothesis testing simultaneously obtained the calculated F value of 39.467 > F table of 2.75297 with a significance value of 0.000 <0.05 from the F test, which means that the quality of the internet network, price and service together have a significant influence on customer satisfaction.

2. Individual Parameter Significance Test (t Test Statistics)

The t test aims to determine the magnitude of the effect of each independent variable individually (partial) on the dependent variable. The test results are:

Table 7 Statistical Test t

Variable	*t* count	Sig.	Conclusion
Internet Network Quality	2,468	0.016	Significant
Price	4.206	0.000	Significant
Service	3,047	0.003	Significant

The table above shows that the significance value of the partial test (t) on each variable of internet network quality, price and service is 0.016, 0.000 and 0.003 less than the significance value of 0.05. This means that the quality of the internet network has a significant influence on zoid net customer satisfaction. Likewise, the price and service variables also have a significant influence on zoid net customer satisfaction. Based on the model formed and the results of testing the hypotheses described above, it can be stated that the quality of the internet network, prices and services have a significant and positive effect on zoid net customer satisfaction. So that if the quality of the internet network, prices and services on the zoid net are getting better, then customer satisfaction will also be better.

Discussion

Based on the results of the statistical test above, several statements can be drawn that answer the formulation of the problem in this study.

1. **Network Quality (X1) Has a Significantly Positive Effect on Customer Satisfaction (Y) in Zoid net**

   The quality of the internet network has a positive and significant effect on customer satisfaction, so the first hypothesis which states that the quality of the internet network has a significant and positive effect on customer satisfaction has been proven and accepted.

   This means that the better the network quality, the better Zoid Net customer satisfaction will be. These results support research conducted by Fadhil Hilmy (2018) which states that network quality has a positive effect on customer satisfaction.

   The research conducted in this study is in accordance with the theory which states that customer satisfaction is influenced by network quality. Customer satisfaction is defined as the fulfillment of customer expectations for the services obtained. Customer satisfaction is between the perceived quality of goods or services with the desires, needs, and expectations of customers. If customer satisfaction has been achieved, then repeat purchases and loyalty will arise (Kosnan, 2020; Kotler & Keller, 2012).

2. **Price (X2) significant positive effect on customer satisfaction (Y)**

   The Zoid net. positive and significant impact on customer satisfaction, so the second hypothesis which states that price has a significant and positive effect on customer satisfaction has been proven and accepted.

   In the second variable, this is in accordance with the theory which states that if the price is in accordance with the quality given to customers, it will affect high customer satisfaction. The effect of price on customer satisfaction has a direct influence on customer satisfaction.

The research conducted in this study is in accordance with the theory which states that customer satisfaction is also influenced by price. These results support research conducted by Agus Hermani Daryanto Seno (2018) which states that price has a positive effect on customer satisfaction.

3. **Service (X3) has a significant positive effect on customer satisfaction (Y)**
   The Zoid net. Positive and significant impact on customer satisfaction, so the third hypothesis which states that it is suspected that service has a significant and positive effect on customer satisfaction has been proven and accepted.

   That is, good or bad service quality zoid net will affect customer satisfaction. This confirms that the question items answered by the respondents get good results to support zoid net customer satisfaction in the village of razorguling, lumbang district, pasuruan district.

   These results support previous research conducted by Ramadhan, Ligiya Fitria (2016) which states that service quality has a positive and significant effect on customer satisfaction.

Conclusion

After conducting research on 70 customers who already use the internet network and perform data analysis, there is some information obtained.conclusions drawn from this study are as follows:

1. The quality of the internet network has a positive and significant effect on zoid net customer satisfaction in the village of razorguling, lumbang district, pasuruan district.
2. Price has a positive and significant effect on zoid net customer satisfaction in the village of Razorguling, Lumbang District, Pasuruan Regency.
3. Service has a positive and significant effect on zoid net customer satisfaction in the village of Razorguling, Lumbang District, Pasuruan Regency.

author realizes that the research that has been carried out still has many limitations, namely as follows:

1. Initially 125 respondents were planned, but only 70 respondents could take data, because at the time of data collection there were several subscribers and distributors who were withdrawn.
2. Some respondents in providing answers to the questionnaires that were distributed were still not serious and serious because filling out the questionnaire was done on the sidelines of doing activities.

Based on the conclusions of the research, the researcher conveys several suggestions that are expected to be useful for various parties who have an interest in the results of the study. The suggestions that can be given in this study are as follows:

1. It is recommended for further researchers to add other variables that affect customer satisfaction.
2. It is recommended for further researchers, to review the right time to distribute research instruments so that respondents can determine answers seriously.

Reference

Adhikarini. 2003. "Analisa pengaruh dimensi kualitas jasa pelayanan terhadap kepuasan pelanggan di koperasi serba usaha makmur lestari surakarta". 24.

Branti, Istariyani. 2002. "Pengaruh kualitas pelayanan terhadap kepuasan pelanggan pt. telkom cabang sragen".

Anshar, A. 2019. "Pengaruh lokasi, harga dan kualitas pelayanan terhadap kepuasan pelanggan pt. jalur nugraha ekakurir (jne) gunung anyar surabaya".

Assauri, S. 2012. "Strategic marketing sustaining lifetime customer value". 20.

Bailia, J. F., Soegoto, A. S., & Loindong, s. s. 2014. "Pengaruh kualitas produk, harga dan lokasi terhadap kepuasan konsumen pada warung-warung makan lamongan di kota manado".

Bambang Wijanarko. 2015. "Pengaruh kualitas pelayanan wi-fi dan e-learning terhadap motivasi belajar mahasiswa pendidikan ekonomi fakultas ekonomi universitas negeri yogyakarta angkatan tahun 2011-2013".

Bayu Arie Nugroho. 2012. "Analisis keamanan jaringan pada fasilitas internet (wifi) terhadap serangan packet sniffing".

Cut Defa Putri Yonasda. 2020. "Analisis quality of service jaringan internet dengan menggunakan aplikasi wireshrak di smkn 1 mesjid raya ujoeng batee"

Dharmayanti, Diah. 2006. "Analisis dampak service performance dan kepuasan sebagai moderating variable terhadap loyalitas nasabah".

Firdiyansyah, I. 2017. "Pengaruh kualitas pelayanan, harga, dan lokasi terhadap kepuasan pelanggan pada warung gubrak kepri mall kota batam".

Handriyanto, Dwi Febrian. 2009. "Kajian penggunaan mikrotik router os™ sebagai router pada jaringan komputer"

Hery Suliantoro, Nabilla Rohadhatul Aisy. 2016. "Analisis kepuasan pelanggan wifi id corner dengan metode service quality dan quality function deployment pada wilayah usaha telekomunikasi pt. Telekomunikasi indonesia, tbk".

Ida., N. 2018. "Analisis food quality, harga, dan kualitas layanan terhadap kepuasan pelanggan di bakso joss pak sugeng bandar kota kediri"

Irawan, Handi. 2002. 10 prinsip kepuasan pelanggan. pt elex media computindo

Mohammd Andi. 2005. Wireless communications second edition. pearson educationinc

Muh Adnan Maulana Pirdania. 2020. "Analisis kualitas layanan jaringan internet berbasis wireless lan pada layanan indihome"

Muhammad Shafwani. 2017. "Penyediaan layanan wifi dalam menarik minat konsumen pada rental playstation 3".

Muhammad Yanto. 2013. Analisis Qos (quality of service) pada jaringan internet. Pontianak : universitas tanjungpura

Purbo, Onno W. 2008. Keamanan jaringan internet. pt elex media kom 12.

Sasmita, Wahyu Putrya. 2013. Analisis qos (quality of service) pada jaringan internet 13.

Sofana, Iwan. 2012. Membangun jaringan komputer mudah membuat jaringan komputer (wire dan wireless) untuk pengguna windows dan linux.

Samsul Arifin. 2017. "Pengaruh pemanfaatan media internet terhadap prestasi belajar pendidikan agama islam siswa kelas xi sma al-azhar 3 bandar lampung".

Wijanarko, Danny. 2014. "Analisa performansi mobile learning pada jaringan wireless"

Wijaya, Ari Angga. 2013. "Mengenal berbagai macam topologi jaringan serta kelebihan dan kekurangannya". Retrieved (http://ilmukomputer.org)

MEDIATION FUNCTION OF CUSTOMER SATISFACTION ON THE INFLUENCE OF PRICE, STORE ATMOSPHERE, AND EXPERIENTIAL MARKETING ON CUSTOMER LOYALTY AT SAMSUNG BRANDSHOP

Nikki Fania
Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Yunus Handoko
Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Widi Dewi Ruspitasari
Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Email Correspondence: nikkifania@gmail.com

ABSTRACT

One of the smartphone shops that is trying hard to strengthen customer loyalty after the Covid-19 pandemic is the Samsung Brandshop of BIS WTC Surabaya. The purpose of this study was to determine the mediating function of customer satisfaction on the effect of price, store atmosphere, and experiential marketing on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya. Quantitative data obtained through a 5-point Likert scale questionnaire distributed to 100 respondents through accidental sampling technique were processed and analyzed using SEM-PLS analysis with SmartPLS software. The results of the study prove that there is a mediating function of customer satisfaction on the influence of price, store atmosphere, and experiential marketing on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya. The role of customer satisfaction as a mediator is formed from the existence of a significant negative price effect on customer satisfaction, a negative although not significant price effect on customer satisfaction on customer loyalty, a significant positive influence on store atmosphere and experiential marketing on customer satisfaction and customer loyalty, where Customer satisfaction itself also has a significant positive relationship with customer loyalty. It is recommended for further research to review the similar indicators between store atmosphere and experiential marketing, especially related to service, also examine the possibility of an experiential marketing mediating function on the influence of store atmosphere on customer loyalty.

KEYWORDS: Price, Store Atmosphere, Experiential Marketing, Customer Satisfaction, Customer loyalty

Introduction

The negative impact of the Covid-19 pandemic has reached the world smartphone market. According to the Rezkisari (2020) report, in the first quarter of 2020, smartphone sales were less than 300 million units. This is the worst condition since 2014. The smartphone brand that continues to lead the market is "Samsung" where this brand managed to reach one-fifth of global smartphone shipments. "Samsung" business profits increased from a year earlier despite weaker sales ahead of the first quarter of 2020.

Unfortunately, the impact of Covid-19 is still ongoing, making revenue in the next quarter also tend to fall because the Covid-19 pandemic has significantly affected demand. This condition is in accordance with Hadyan's report (2020) which explains that global smartphone sales in the second quarter of 2020 experienced a major decline, which was down 20.4% when compared to the same period in the previous year.

Considering the significant decline in sales, in the post-pandemic era of Covid-19 or the current new normal era, it is important for Smartphone distributors to have the strength and strategy to survive and then increase sales volume again, namely by creating a customer-oriented strategy or so-called as customer-oriented marketing.

Customer Oriented Marketing is marketing that focuses on what consumers want and need (Sugianto & Sugiharto, 2013). Customers will have an emotional bond if they have high satisfaction with the product or service they buy which in turn has a tendency to be loyal (Kotler & Keller, 2016). If the customer is loyal, according to the explanation of Kotler & Keller (2016), they will do: (1) Repeat Purchase, namely the purchase of repeated products without considering similar products offered by competing companies, (2) Retention, which is resistant to the influence of others, and (3) Referrals, which is willing to refer products to other people.

Thus, loyal customers, automatically, will provide opportunities for distributors to get new customers. In addition, according to Kotler and Keller (2016), retaining existing customers is more profitable than finding new customers which costs a lot of money. So, customer loyalty is very important for the development of a business in the future.

Customer loyalty will be high if the company pays attention to several factors that influence it the most. The results of research Mahmud et al. (2013), Subaebasni et al. (2019), and Wantara & Tambrin (2019) show that customer loyalty is influenced by price. Price can be defined as the amount of value issued by consumers to gain an advantage from the ownership or use of an item or service (Kotler & Keller, 2016). The indicators that reflect prices in accordance with the explanation of Kotler & Armstrong (2016), are: (1) affordability of prices by the purchasing power of customers, (2) conformity of prices with product quality, (3) price competitiveness, and (4) conformity the price with the benefits that the customer gets. So competitive prices that are in accordance with customer expectations and balanced with product quality and

benefits are important factors that cannot be ignored by distributors because they are able to bind customers to be loyal to the products sold.

Meanwhile Oztas et al. (2016), Furoida & Maftukhah (2018), and Suryana (2019) prove that customer loyalty is influenced by store atmosphere. Store atmosphere according to Berman & Evans in Furoida & Maftukhah (2018) is an atmosphere that reflects the physical characteristics of a store that is used to build an impression and attract customers. There are 7 indicators according to Berman & Evans in Suryana (2019), including: Cleanliness (cleanliness), music (music playing), Scent (aroma), temperature (temperature), lighting (lighting), color (color of the building, furniture and equipment), and displays or layouts. So, the cleanliness of the store, the type or genre as well as the frequency of the music played in the store, the smell of the store both inside and outside, the temperature in the store, lighting, wall color, floor, ceiling, color of furniture and equipment, displays in the store are factors that reflect how the atmosphere of the store and become a part that is able to bind customers to frequent visits.

While Chao (2015), Widowati & Tsabita (2017) and Ekoputra et al. (2015) revealed that customer loyalty is strongly influenced by experiential marketing. Tjiptono (2012) defines experiential marketing as a marketing strategy that is packaged in the form of activities that are able to provide an experience that makes an impression on the hearts of customers. As for Ekoputra et al. (2015) proves that experiential marketing includes sense, feel, think, act, and relate.

Meanwhile, Chao (2015), Subaebasni et al. (2019), Widowati & Tsabita (2017), and Wantara & Tambrin (2019) also find that customer loyalty is influenced by customer satisfaction. Kotler & Keller (2016) explain that customer satisfaction is a person's feelings of pleasure or disappointment as a result of efforts to compare the performance of a product with one's expectations. This customer satisfaction according to Widowati & Tsabita (2019) is reflected by: (1) the suitability of the service with customer expectations, (2) the quality of restaurant service is better than other restaurants, (3) the customer is satisfied (no complaints) with the service at the restaurant, and (4) customers are happy with restaurant service.

So, there are 4 important factors that influence customer loyalty that must be considered by store management, namely: price, store atmosphere, experiential marketing, and customer satisfaction. While several studies also show that customer satisfaction itself is also influenced by price (Cao et al., 2017; Mahmud & Jusoff, 2013; Subaebasni et al., 2019; Wantara & Tambrin, 2019), store atmosphere (Furoida & Maftukhah, 2018; Jalil et al., 2016; Suryana & Haryadi, 2019), and experiential marketing (Chao, 2015; Ekoputra & Dodikridho Nurrochmat, 2015; Setiawan et al., 2018; Widowati & Tsabita, 2017). Some of them even prove that customer satisfaction is indeed an intervening construct that mediates the effect of price on customer loyalty (Dimyati & Subagio, 2016; Wantara & Tambrin, 2019), mediates the effect of

store atmosphere on customer loyalty (Furoida & Maftukhah, 2018; Oztas et al. ., 2016), as well as mediating the effect of experiential marketing on customer loyalty (Ekoputra & Dodikridho Nurrochmat, 2015; Setiawan et al., 2018).

On the other hand, there are many empirical gaps in the relationship between these constructs. Among them are the results of research on the relationship between price and customer satisfaction. The results of research Mahmud et al. (2013) show that price does not have a major influence on customer satisfaction. That is, the lower the price, the higher the customer satisfaction, but the increase in customer satisfaction along with the decrease in price is not too large. This is because the object of research is the customer of the commercial aviation service industry where the customer does not have many choices of types of flights, even though the price increase remains the customer's choice because of the need for fast mobility, so that the decrease in customer satisfaction is not too large if the price of flight services is increased.

While the research results of Cao et al. (2017) revealed that price has a big influence on customer satisfaction. That is, the higher the price, the lower the customer satisfaction, while the decrease in customer satisfaction along with the increase in price is quite large. This is because the object of research is BizRate.com customers. Bizrate.com is a customer review site which is a useful tool to build trust from customers. This site allows each customer to review other customers who have made transactions on the site. If the price of BizRate.com services increases, the customer satisfaction of those service users will decrease drastically, because there are many choices of other sites such as shopping.com, pricescan.com mysimon.com, and bottomdollar.com.

Empirical gap also occurs in the results of research by Subaebasni et al. (2019) and Wantara & Tambrin (2019) which state that price has a significant effect on customer satisfaction. The object of this research is the customer of PT. Strait Liner Express in Jakarta and Batik Madura customers. PT. Strait Liner Express is a service company engaged in International Freight Forwarding. The high price actually gives satisfaction to customers, because the average customer here is a company that uses imported raw materials. This is because there is a special trust, where high prices indicate service quality and provide more guarantees for the safety and on time distribution of goods. Likewise with Madura Batik customers, coincidentally, the respondents studied were Madurese batik lovers from the upper middle class class, the higher the price actually made the customers more satisfied because this is also linear with the quality of the fabric and batik motifs so that it looks more classy.

As for the relationship between store atmosphere and customer satisfaction, experiential marketing with customer satisfaction, and the relationship between other constructs, there are many empirical gaps as summarized in Table 1.

MEDIATION FUNCTION OF CUSTOMER SATISFACTION ON THE INFLUENCE OF PRICE, STORE ATMOSPHERE, AND EXPERIENTIAL MARKETING ON CUSTOMER LOYALTY AT SAMSUNG BRANDSHOP

Table 1. Research GAP

Relationship between Constructs	Object of research	Researcher	Research result
The Effect of Price on Customer Satisfaction	Commercial aviation service industry customers	Mahmud et al. (2013)	Not significant
	BizRate.com customers	Cao et al. (2017)	Significant
	PT Strait Liner Express customers in Jakarta	Subaebasni et al. (2019)	
	Madura Batik Customers	Wantara & Tambrin (2019)	
The Effect of Store Atmosphere on Customer Satisfaction	Customers of a restaurant in Malaysia	Jalil et al. (2016)	Not significant
	Platinum Martabak Cafe customers	Furoida & Maftukhah (2018)	Significant
	Ruby Pekalongan		
	Le Delice Café and Bakery customers	Suryana (2019)	
The Effect of Experiential Marketing on Customer Satisfaction	Fitness Club customers in Taiwan	Chao (2015)	Significant
	Customers of The House of Raminten Yogyakarta	Widowati & Tsabita (2017)	
	150 Eatery Bogor restaurant customers	Ekoputra et al. (2015)	
	CGV Cinemas Hartono Mall Yogyakarta	Setiawan et al. (2018)	
The Effect of Price on Customer Loyalty	Commercial aviation service industry customers	Mahmud et al. (2013)	Not significant
	PT Strait Liner Express customers in Jakarta	Subaebasni et al. (2019)	Significant
	Madura Batik Customers	Wantara & Tambrin (2019)	
The Effect of Store Atmosphere on Customer Loyalty	Fitness Center Customers in Turkey	Oztas et al. (2016)	Significant
	Martabak Platinum Ruby Pekalongan Customers Cafe	Furoida & Maftukhah (2018)	
	Le Delice Café and Bakery Pelanggan customers	Suryana (2019)	Not significant
Effect of Experiential Marketing on Customer Loyalty	Fitness Club customers in Taiwan	Chao (2015)	Significant
	Customers of The House of Raminten Yogyakarta	Widowati & Tsabita (2017)	Not significant
	150 Eatery Bogor restaurant customers	Ekoputra et al. (2015)	
The Effect of Customer Satisfaction on Customer Loyalty	Fitness Club customers in Taiwan	Chao (2015)	Not significant
	PT Strait Liner Express customers in Jakarta	Subaebasni et al. (2019)	
	PT Strait Liner Express	Widowati & Tsabita	

	customers in Jakarta	(2017)	
	Batik Madura Customers	Wantara & Tambrin (2019)	Significant
The Effect of Price on Customer Loyalty through Satisfaction Customer	Express Post Customers in East Java	Dimyanti & Subagio (2016)	Customer Satisfaction is proven as a Mediator
	Batik Madura Customers	Wantara & Tambrin (2019)	
	PT Strait Liner Express customers in Jakarta	Subaebasni et al. (2019)	Customer Satisfaction is not a Mediator
	Bali Ratih website customer from Jakarta	Anjani et al. (2018)	
The Effect of Store Atmosphere on Customer Loyalty through Customer Satisfaction	Fitness Center Customers in Turkey	Oztas et al. (2016)	Customer Satisfaction is proven as a mediator
	Martabak Platinum Ruby Pekalongan Customers Cafe	Furoida & Maftukhah (2018)	
	Le Delice Café and Bakery Customers	Suryana (2019)	Customer Satisfaction is not a Mediator
The Effect of Experiential Marketing on Customer Loyalty through Customer Satisfaction	Fitness Club customers in Taiwan	Chao (2015)	Customer Satisfaction is not a Mediator
	Customers of The House of Raminten Yogyakarta	Widowati & Tsabita (2017)	
	150 Eatery Bogor restaurant customers	Ekoputra et al. (2015)	Customer Satisfaction is proven as a mediator
	CGV Cinemas Hartono Mall Yogyakarta	Setiawan et al. (2018)	

The existence of this empirical gap creates a gap between the influence of price, store atmosphere, and experiential marketing on customer satisfaction and loyalty, as well as the gap between the position of customer satisfaction as an intervening construct that mediates the effect of price, store atmosphere, and experiential marketing on customer loyalty, so research needs to be done. further related to the mediation function of customer satisfaction on the influence of price, store atmosphere and experiential marketing on customer loyalty in a distribution business selling Smartphones.

One of the smartphone shops in this new-normal era that is trying hard to reaffirm customer loyalty is the Samsung Brandshop of BIS WTC Surabaya which is located at WTC 2nd floor Galeria R.813-814 Jalan Pemuda Kaving 27-31 Surabaya. This shop sells several HP brands, the main ones being the Samsung brand, some others are: Vivo, Oppo, Realme, Huawei, and Xiaomi as shown in Figure 1.

Figure 1. Bar Graph of HP Sales Development at the Samsung BIS WTC Surabaya Brandshop
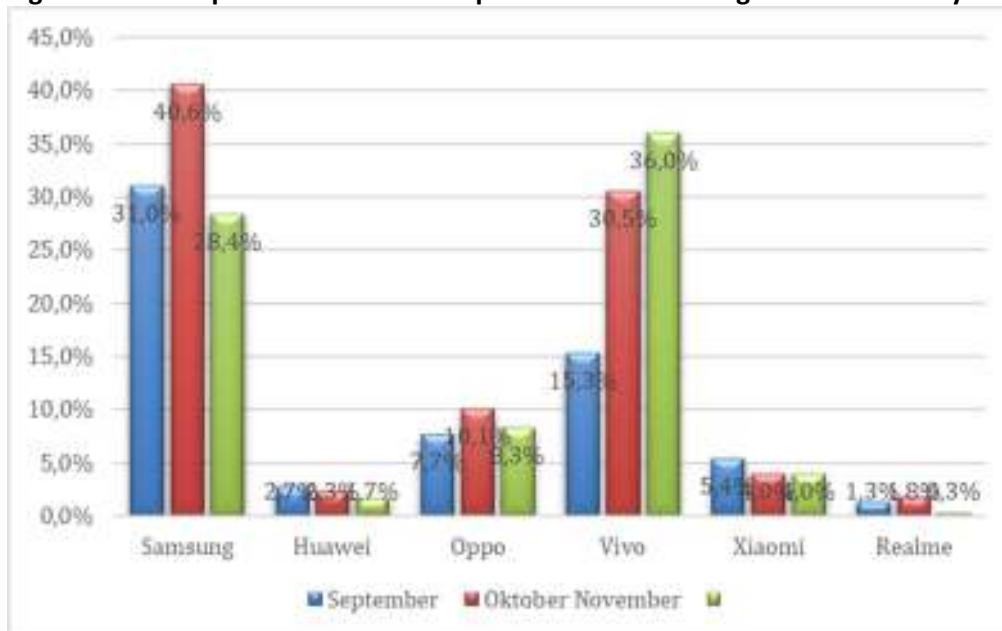
Source: Primary Data Processed (2021)

Based on the results of the pre-survey interview, the price offered by HP at the Samsung Brandshop of BIS WTC Surabaya is actually a competitive price, in accordance with the quality and benefits of the product. The condition of the shop is also clean and tidy. As for the experiential marketing side, the customer experience is the lack of friendly attitude of the store clerk. Meanwhile, from the act experience, it is also not very obtained because the store does not yet have a strong and differentiated image, it is almost the same as other HP shops. As for relate experience, it is acknowledged that it is enough to get information, especially related to promotions, by several customers who follow @samsung_biswtc's IG. However, customers admit that the quality of service is still not better than in competitor stores. So, in terms of customer satisfaction is still not optimal. In fact, according to several research results, customer satisfaction is able to mediate price, store atmosphere, and experiential marketing on customer loyalty. Based on this background, it is important to conduct research on **"Mediation Functions of Customer Satisfaction on the Effect of Price, Store Atmosphere, and Experiential Marketing on Customer Loyalty at the Samsung BIS WTC Surabaya Brandshop".**

Formula

The formulation of the problem in this study include:

1. Does Price have a significant influence on Customer Satisfaction at the Samsung Brandshop of BIS WTC Surabaya?
2. Does Store Atmosphere have a significant influence on Customer Satisfaction at the Samsung Brandshop of BIS WTC Surabaya?
3. Does Experiential Marketing have a significant influence on Customer Satisfaction at the Samsung Brandshop of BIS WTC Surabaya?

4. Does Price have a significant influence on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya?
5. Does Store Atmosphere have a significant influence on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya?
6. Does Experiential Marketing have a significant influence on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya?
7. Does Customer Satisfaction have a significant influence on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya?
8. Is customer satisfaction an intervening construct that is able to mediate the effect of price on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya?
9. Is customer satisfaction an intervening construct that is able to mediate the influence of store atmosphere on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya?
10. Is customer satisfaction an intervening construct that is able to mediate the effect of experiential marketing on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya?

Research purposes
The objectives to be achieved in this research include:

1. To determine the effect of price on customer satisfaction at the Samsung Brandshop of BIS WTC Surabaya.
2. To determine the effect of Store Atmosphere on Customer Satisfaction at the Samsung Brandshop of BIS WTC Surabaya.
3. To find out Experiential Marketing on Customer Satisfaction at the Samsung Brandshop of BIS WTC Surabaya.
4. To find out the effect of Price on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya.
5. To determine the effect of Store Atmosphere on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya.
6. To determine the effect of Experiential Marketing on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya.
7. To determine the effect of Customer Satisfaction on Customer Loyalty at the Samsung Brandshop of BIS WTC Surabaya.
8. To prove that customer satisfaction is an intervening construct that is able to mediate the effect of price on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya.
9. To prove that customer satisfaction is an intervening construct that is able to mediate the influence of store atmosphere on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya.
10. To prove that customer satisfaction is an intervening construct that is able to mediate the effect of experiential marketing on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya.

MEDIATION FUNCTION OF CUSTOMER SATISFACTION ON THE INFLUENCE OF PRICE, STORE ATMOSPHERE, AND EXPERIENTIAL MARKETING ON CUSTOMER LOYALTY AT SAMSUNG BRANDSHOP

REVIEW LIBRARY

The Theory of Reasoned Action (TRA) which explains that a person's intention towards behavior is shaped by two main factors, namely attitude toward the behavior and subjective norms has been expanded into Theory of Planned Behavior (TPB) (Fishbein and Ajzen, 1975), in which the TPB is added one more factor in the form of perceived behavioral control (Ajzen, 1991). So that the Theory of Planned Behavior (TPB) can be said to be a development of The Theory of Reasoned Action (TRA) (Jogiyanto, 2013). These two theories are the basis of the theory of consumer behavior.

Dharmesta & Handoko (2012) define consumer behavior as any activity carried out by individuals involved in the use of goods and services. Meanwhile, (Kotler & Keller, 2016) explains that consumer behavior is a learning about how a person or group or an organization chooses, purchases, and uses goods and services to get satisfaction or fulfill desires. So, consumer behavior is closely related to customer loyalty.

Customer loyalty is an evaluation that exists based on strength and stability to promote repeated favorable responses to a product. Liu-Thomlkins, et al. (2010). Meanwhile, Siagian (2014) describes that good relations between loyal customers and the company can be maintained properly. Meanwhile, Kotler & Keller (2016) assert that there is a cost-efficient way to attract new customers if the company maintains current customer satisfaction. Kotler & Keller (2016) also prove that 20% of customers will be able to create 80% of profits for a company. In contrast to customer loyalty, Kotler and Keller (2016) define customer satisfaction as a feeling of pleasure or disappointment in each individual after comparing product performance.

Kotler and Keller (2016) define price as an element of the marketing mix. Meanwhile, Tjiptono (2015) has his own definition regarding price, which is a monetary exchange so that the exchanger has the right of ownership or use of goods or services. Meanwhile, store atmosphere, as introduced by Kotler & Keller (2016), is an effort to design the environment of a store to create a specific emotional effect on buyers which has an impact on the creation of buying opportunities. Meanwhile Chandra (2012) explains that Experiential marketing is a marketing strategy in the form of activities that provide an imprinted experience in the hearts of consumers.

Based on empirical and theoretical studies, the research hypotheses, among others:

H1: It is suspected that price has a significant effect on customer satisfaction in Samsung Brandshop of BIS WTC Surabaya.

H2: It is suspected that store atmosphere has a significant influence on satisfaction customers at the Samsung Brandshop of BIS WTC Surabaya.

H3: It is suspected that experiential marketing has a significant effect on satisfaction

customers at the Samsung Brandshop of BIS WTC Surabaya.

H4: It is suspected that price has a significant effect on customer loyalty in Samsung Brandshop of BIS WTC Surabaya.

H5: It is suspected that store atmosphere has a significant influence on loyalty customers at the Samsung Brandshop of BIS WTC Surabaya.

H6: It is suspected that experiential marketing has a significant influence on loyalty customers at the Samsung Brandshop of BIS WTC Surabaya.

H7: It is suspected that customer satisfaction has a significant influence on custome loyalty at the Samsung Brandshop of BIS WTC Surabaya.

H8: It is assumed that customer satisfaction is an intervening construct that is capable of mediate the effect of price on customer loyalty in Samsung Brandshop of BIS WTC Surabaya.

H9: It is assumed that customer satisfaction is an intervening construct that is capable of mediate the influence of store atmosphere on customer loyalty in Samsung Brandshop of BIS WTC Surabaya.

H10: It is assumed that customer satisfaction is an intervening construct that is capable of mediate the effect of experiential marketing on customer loyalty in Samsung Brandshop of BIS WTC Surabaya.

Method

This research is a field research study on customers of the Samsung Brandshop of BIS WTC Surabaya which was carried out using a quantitative approach. A total of 100 customers of the Samsung Brandshop of BIS WTC Surabaya have been selected as research respondents by accidental-purposive sampling. The data collected through a 5-point Likert scale questionnaire were analyzed using Partial Least Square analysis with the help of SmartPLS 3.3.3 software. The operational definition of the construct is presented in Table 2.

Table 2. Definition of Operational Construction

Construct	Definition	Indicator	Item	*Scale*
Price (X1)	Price is the amount of money that is exchanged to obtain ownership rights or use of products purchased at the Samsung Brandshop of BIS WTC Surabaya	Price Affordability	The price of the product offered is affordable by the purchasing power of the customer (X11)	*Likert*
		Price Match with Product Quality	The price of the product offered is in accordance with the quality of the product (X12)	
		Responsiveness	The prices of the products offered by the store are competitive	
		Guarantee	there is a guarantee for the product according to the order (X14)	
			Officers have empathy in serving customers	
		Kotler & Keller (2016)		
Store Atmosphere (X2)	Store Atmosphere is an environmental condition to create a specific emotional effect on shoppers which increases purchasing opportunities at the Samsung Brandshop of BIS WTC Surabaya	Cleanliness Store condition is clean (X21)	Cleanliness Store condition is clean (X21)	*Likert*
		Music Music playing in the Store makes customers comfortable (X22)	Music Music playing in the Store makes customers comfortable (X22)	
		Aroma Aroma Store convenient customer (X23)	Aroma Aroma Store convenient customer (X23)	
		Temperature Room temperature in the Store makes customers comfortable (X24)	Temperature Room temperature in the Store makes customers comfortable (X24)	
		Lighting Lighting in Store is good (X25)	Lighting Lighting in Store is good (X25)	
		Color The colors of buildings, furniture, and equipment in the Shop are attractive (X26)	Color The colors of buildings, furniture, and equipment in the Shop are attractive (X26)	
		Service Services in the Store make customers happy (X27)	Service Services in the Store make customers happy (X27)	
		Suryana (2019)		

Experiential Marketing (X3)	Experiential marketing is a marketing strategy that is wrapped in the form of activities so as to provide an experience that can make an impression on the hearts of customers of the Samsung Brandshop of BIS WTC Surabaya.	*Sense experience* *Feel experience* *Think experience* *Act experience* *Relate experience*	Products that appeal to consumers' tastes (X31) Restaurant staff are friendly to customers (X32) Restaurants always make product innovations (types of products are always updated) (X33) Restaurant image can increase customer prestige (X34) Use of mass media for promotional tools (X35) Ekoputra et al. (2015)	
Customer Satisfaction (Y1)	Customer satisfaction is the hope of the Boncafe Restaurant Surabaya customer after receiving service that exceeds the expectations of the Samsung Brandshop of BIS WTC Surabaya customer	Consumer expectations of the product Repurchase interest Willingness to recommend Tjiptono (2015)	Fulfillment of consumer expectations for the product Customers have an interest in making repeat purchases	*Likert*
Customer Loyalty (Y2)	Customer loyalty is the habit of repeat buying behavior for Samsung Brandshop of BIS WTC Surabaya customers	repeat purchase references to others immune to other products Kotler & Keller (2016)	Customers make repeat purchases more than 2x Customers have referred to other people Customers are immune to similar products of other brands (manufactured by other restaurants)	*Likert*

Source: SmartPLS 3.3.3 Output Data Processed (2021)

Result

It is known that the coefficient of the price path to customer loyalty is -0.041; while the store atmosphere path coefficient to customer loyalty is 0.325; and the coefficient of the experiential marketing path to the customer loyalty construct is 0.225, and the customer

satisfaction path coefficient to the customer loyalty construct is 0.384. So the second structural equation formed is:

$$Y_2 = -0,041X_1 + 0,325X_2 + 0,225X_3 + 0,384Y_1 \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 1$$

where Y2 is customer loyalty, X1 is price, X2 is store atmosphere, X3 is experiential marketing, Y1 is customer satisfaction and is error term.

Based on the structural equation formed and the t-statistics value, it is known that the price path coefficient is negative but not significant. So that the fourth research hypothesis (H4) which states that "Price has a significant effect on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya" is **rejected**. The store atmosphere construct path coefficient has a significant positive value. So that the fifth research hypothesis (H5) which states that "store atmosphere has a significant effect on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya" is **accepted**. The coefficient of the experiential marketing construct path is also positive and not significant. So that the sixth research hypothesis (H6) which states that "experiential marketing has a significant effect on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya" is **rejected**.

The path coefficient of the customer satisfaction construct has a significant positive value. So that the seventh hypothesis of the study (H7) which states that "Customer satisfaction has a significant effect on customer loyalty at the Samsung Brandshop of BIS WTC Surabaya" is **accepted**. While the error term in both structural models is the level of inaccuracy in measuring the true path coefficient value due to the fallibility of the measurement instrument (eg, an inappropriate Likert scale), data entry errors or respondent errors.

Discussion

The results of this study indicate that the price has a negative and significant effect on customer satisfaction. The higher the price offered by the Samsung Brandshop of BIS WTC Surabaya, the lower the customer satisfaction. This finding is in line with the research results of Cao et al. (2017) on BizRate.com customers, as well as research by Subaebasni et al. (2019) to PT. Strait Liner Express in Jakarta, and Wantara & Tambrin's (2019) research on Madurese batik customers which have proven that price has a significant effect on customer satisfaction. So, if the price is increased just a little, then customer satisfaction will decrease drastically. On the other hand, if the price is lowered a little, it will have an impact on a significant increase in customer satisfaction.

However, the results of this study contradict the research of Mahmud et al. (2013) on customers of the commercial aviation service industry which actually shows that the price has no significant effect, where an increase in price does not significantly reduce customer satisfaction. This is because the object of research is the customer of the commercial aviation

service industry where the customer does not have many choices of types of flights, even though the price increase remains the customer's choice because of the need for fast mobility, so that the decrease in customer satisfaction is not too large if the price of flight services is increased. While the object of this research is the Samsung Brandshop of BIS WTC Surabaya customer with a product in the form of a smartphone which is also widely sold in other stores. So, automatically the price competition between stores is very tight in this era, especially since many marketing and selling processes use e-commerce.

The results of this study indicate that the store atmosphere has a positive and significant effect on customer satisfaction. The higher the store atmosphere of the Samsung Brandshop of BIS WTC Surabaya, the higher the customer satisfaction. This finding is in line with the results of research by Furoida & Maftukhah (2018) on customers of Martabak Platinum Ruby Cafe Pekalongan and Suryana's research (2019) on customers of Le Delice Café and Bakery which proves that store atmosphere has a significant influence on customer satisfaction. However, the results of this study contradict the findings of Jalil et al. (2016) on the customers of a restaurant in Malaysia which actually revealed that the influence of store atmosphere on customer satisfaction.

Store Atmosphere that must be considered by the management of the Samsung Brandshop of BIS WTC Surabaya, among others: store cleanliness, music playing in the store, store aroma, temperature, store lighting, even store colors and services provided to customers. However, from these factors, the most urgent factor to be immediately improved is the service provided by the clerks or shop assistants to customers who are judged by customers to be still not optimal or almost the same as the services provided in other stores, so that nothing is such as shop clerks who are very patient and friendly to customers and are very attentive to customer needs. If this store atmosphere is conditioned in accordance with most of the customer's expectations, the customers will be more happy and satisfied to be at the Samsung Brandshop of BIS WTC Surabaya.

The results of this study indicate that experiential marketing has a positive and significant effect on customer satisfaction. The higher the experiential marketing experienced by the Samsung Brandshop of BIS WTC Surabaya customers, the higher the customer satisfaction. This finding is in line with the results of Chao's (2015) research on Fitness Club customers in Taiwan, Widowati & Tsabita (2017) research on customers of The House of Raminten Yogyakarta, research by Ekoputra et al. (2015) on 150 Eatery Bogor restaurant customers, and research by Setiawan et al. (2018) on CGV Cinemas Hartono Mall Yogyakarta which proves that there is a significant influence of experiential marketing on customer satisfaction.

Experiential marketing experienced by customers that are important to be considered by the management of the Samsung Brandshop of BIS WTC Surabaya include: the products on display if they can arouse the customer's appetite to visit the store, the products sold, the friendly

nature of the officers, the initiative of the clerk or shop assistant to offer other products, product marketing innovation so that it is different from other stores, store image, and media used as a means of promotion. However, the most crucial factor to be improved is the friendly attitude of the clerk or shop assistant which is still considered lacking by customers.

The results of this study indicate that price has a negative but not significant effect on customer loyalty. The higher the price offered by the Samsung Brandshop of BIS WTC Surabaya, the lower the customer loyalty, but the decrease in customer loyalty along with the increase in price is not too large. This finding is in line with the research results of Mahmud et al. (2013) on customers of the commercial aviation service industry which also proves that the effect of price on customer loyalty is not significant. This shows that there are other factors that are more binding on customer loyalty, so that customers do not really consider price fluctuations.

However, the results of this study contradicted the results of research by Subaebasni et al. (2019) on PT Strait Liner Express customers in Jakarta and Wantara & Tambrin (2019) research on Madura batik customers which revealed that price actually had a positive and significant effect on customer loyalty. This happens because the high price offered by PT Strait Liner Express in Jakarta provides that the high price indicates the quality of the service and provides more guarantees for the safety and timeliness of the distribution of goods, because the average customer here is a company that uses imported raw materials. Likewise with Madura Batik customers who are Madurese batik lovers from the upper middle class, so that the higher the price, the more loyal customers are because it is related to the quality of the fabric and batik motifs that look more classy. Meanwhile, smartphones sold by the Samsung Brandshop of BIS WTC Surabaya are also widely sold in other smartphone shops, so the price has a negative effect even though it is not significant.

The results of this study indicate that the store atmosphere has a positive and significant effect on customer loyalty. The more comfortable the store atmosphere, the higher the customer loyalty. This finding is in line with the research results of Oztas et al. (2016) on Fitness Center customers in Turkey and research by Furoida & Maftukhah (2018) on Ruby Pekalongan platinum martabak customers which also proves that there is a significant influence of store atmosphere on customer loyalty. However, the results of this study contradict Suryana's (2019) findings on customers of Le Delice Café and Bakery which actually shows that store atmosphere has no significant effect on customer loyalty.

The atmosphere of the store in offline purchases in the new-normal era is indeed a major consideration for store customers to visit because it is closely related to health. In particular, shops in malls in the city of Surabaya that have entered the black zone area with the highest number of people exposed to Covid-19 in East Java Province. Of course people will be very vigilant and protective of themselves if they enter the mall area.

The results showed that experiential marketing had a positive but not significant effect on customer loyalty. The higher the experiential marketing experienced by the customer, the higher the customer loyalty, but the increase in customer loyalty along with the increase in experiential marketing is not too large. This finding is in line with the results of research by Widowati & Tsabita (2017) on customers of The House of Raminten and Ekoputra et al. (2015) on 150 Eatery Bogor restaurant customers who also revealed the insignificant effect of experiential marketing on customer loyalty. However, this study contradicts the results of Chao's (2015) study of fitness club customers in Taiwan which actually shows a significant effect of experiential marketing on customer loyalty.

The results of this study indicate that customer satisfaction has a positive and significant effect on customer loyalty. The higher the customer satisfaction, the higher the customer loyalty. This finding is in line with the results of Wantara & Tambrin's (2019) research on Madura batik customers which also proves the great influence of customer satisfaction on customer loyalty.

The results of this study contradict the findings of Chao (2015) on Fitness Club customers in Taiwan, Subaebasni et al. (2019) to customers of PT Strait Liner Express in Jakarta, and Widowati & Tsabita (2017) to customers of The House of Raminten Yogyakarta which actually shows that the effect of customer satisfaction on customer loyalty is not significant. The insignificant effect of customer satisfaction on customer loyalty also shows that not all satisfied customers will be loyal.

Conclusion

Based on the results of research and discussions that have been carried out, it can be concluded that:

1. Price has a negative and significant effect on customer satisfaction, although not significantly on customer loyalty Samsung Brandshop of BIS WTC Surabaya.
2. Store atmosphere has a positive and significant effect on customer satisfaction and loyalty Samsung Brandshop of BIS WTC Surabaya.
3. Experiential Marketing has a positive and significant effect on customer satisfaction although it is not significant on customer loyalty at Samsung Brandshop of BIS WTC Surabaya.
4. Customer satisfaction has a positive and significant effect on customer loyalty for Samsung Brandshop of BIS WTC Surabaya.
5. Customer satisfaction is able to mediate the effect of price, store atmosphere, and experiential marketing on customer loyalty.

Reference

Ajzen, I. 1991. "The theory of planned behavior". *Elsevier*, *50*(2): 179–211.

Anjani, S. M. 2018. "Pengaruh Kualitas Produk dan Harga terhadap Loyalitas Pelanggan melalui Kepuasan Pelanggan". Universitas Mercubuana.

Cao, Y., Ajjan, H., & Hong, P. 2017. "Post-Purchase Shipping and Customer Service Experiences in Online Shopping and Their Impact on Customer Satisfaction: An Empirical Study with Comparison of China and Taiwan Abstract". *Asia Pacific Journal of Marketing and Logistics*.

Chandra, H. 2012. *Marketing untuk Orang Awam*. Maxikom.

Chao, R.-F. (2015). "The impact of experimental marketing on customer loyalty for fitness clubs: Using brand image and satisfaction as the mediating variables". *The Journal of International Management Studies*, *10*(2): 52–60.

Dharmmesta, B. S., & Handoko, T. H. 2012. *Manajemen pemasaran analisis perilaku konsumen* (Pertama). BPFE Yogyakarta.

Dimyati, M., & Subagio, N. A. 2016. "Impact of Service Quality, Price, and Brand on Loyalty with the mediation of Customer Satisfaction on Pos Ekspres in East Java". *Mediterranean Journal of Social Sciences*, *7*(4): 74–86. https://doi.org/10.5901/mjss.2016.v7n4p.

Ekoputra, A., & Dodikridho Nurrochmat, D. 2015. "The Effect of Experiental Marketing on Customer Satisfaction and Loyalty Restaurant 150 Eatery in Bogor". *International Journal of Science and Research*, *6*(9): 2319–7064. https://doi.org/10.21275/ART20173022.

Furoida, F., & Maftukhah, I. 2018. "The influence of service quality and store atmosphere on customer loyalty through customer satisfaction". *Management Analysis Journal*, *7*(2): 163–170.

Hadyan, R. 2020. "Pandemi Covid-19, Penjualan Ponsel Pintar Global Turun Lebih Dari 20 Persen." Retrieved (https://teknologi.bisnis.com/read/20200826/280/1283252/pandemi-covid-19-penjualan-ponsel-pintar-global-turun-lebih-dari-20-persen%0A).

Jalil, N. A. A., Fikry, A., & Zainuddin, A. 2016. "The Impact of Store Atmospherics, Perceived Value, and Customer Satisfaction on Behavioural Intention". *Procedia Economics and Finance*, *37*(16): 538–544. https://doi.org/10.1016/s2212-5671(16)30162-9.

Jogiyanto, H. 2013. *Metodologi Penelitian Bisnis Salah Kaprah dan Pengalaman-Pengalaman*. BPFE Yogyakarta.

Kotler, P., & Keller, K. L. 2016. *Marketing Management.* 15th ed. Pearson Education.

Liu-Thomlkins, Y., & Leona, T. 2010. "Not all repeat purchases are the same: attitudinal loyalty and habi"t. In *College of Business and Public Administration*. Retrieved (https://www.yupingliu.com/files/papers/liu_tam_loyalty_habit_acr.pdf).

Mahmud, A., & Jusoff, S. K. 2013. "The effect of service quality and price on satisfaction and loyalty of customer of commercial flight service industry". *World Applied Sciences Journal*, *23*(3): 354–359. https://doi.org/10.5829/idosi.wasj.2013.23.03.13052.

Oztas, M., Sevilmis, A., & Sirin, E. F. 2016. "The relationship of atmosphere, satisfaction, and loyalty: Sample of a fitness center". *Turkish Journal of Sport and Exercise*, *18*(2): 103–112. https://doi.org/10.15314/tjse.15230.

Rezkisari, I. 2020. "Covid-19 Dan Kekerasan Ke Anak Yang Meningkat." Retrieved (https://republika.co.id/berita/qbnmuq328/covid19-dan-kekerasanke-anak-yang-meningkat).

Setiawan, Susanto, & Nuryakin. 2018. "The Effect Of Experiential Marketing On Visitor Satisfaction And Visitor Loyalty at The CGV Cinemas Hartono Mall Yogyakarta, Indonesia". *International Journal of Business Quantitative Economics and Applied Management Research*, *5*(5): 14–22.

Siagian, S. P. 2014. *Manajemen Sumber Daya Manusia*. Bumi Aksara.

Subaebasni, S., Risnawaty, H., & Wicaksono, A. R. A. 2019. "Effect of brand image, the quality and price on customer satisfaction and implications for customer loyalty PT Strait Liner Express in Jakarta". *International Review of Management and Marketing*, *9*(1): 90–97.

Sugianto, J., & Sugiharto, S. 2013. "Analisa pengaruh service quality, food quality, dan price terhadap kepuasan pelanggan restoran Yung Ho Surabaya". *Jurnal Strategi Pemasaran*, *1*(2): 1–10.

Suryana, P., & Haryadi, M. R. 2019. "Stores Atmosphere and Promotion on Customer Satisfaction and Its Impact on Consumer Loyalty". *Trikonomika*, *18*(1): 30–34. https://doi.org/http://dx.doi.org/10.23969/trikonomika.v18i1.1255.

Tjiptono, F. (2015). *Strategi Pemasaran* (4th ed.). Andi Offset.

Tjiptono, F., & Chandra, G. 2012. *Pemasaran Stratejik*. Andi.

Wantara, P., & Tambrin, M. 2019. "The Effect of price and product quality towards customer satisfaction and customer loyalty on madura batik". *International Tourism and Hospitality Journal*, *2*(1): 1–9.

Widowati, R., & Tsabita, F. 2017. "The Influence Of Experiential Marketing On Customer Loyaltythrough Customer Satisfaction As Intervening Variable". *Jurnal Manajemen Bisnis*, *8*(2): 163–180.

THE EFFECT OF SATISFACTION, MOTIVATION AND WORK ETHIC ON THE PERFORMANCE OF PMI MALANG CITY EMPLOYEES

Aditya Bayu Wardana

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Widi Dewi Ruspitasari

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Yunus Handoko

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Email Correspondence: bayu.wardhana87@gmail.com

ABSTRACT

This study aims to determine the effect of job satisfaction, work motivation and work ethic on employee performance in PMI Malang City. The research location is the Indonesian Red Cross Malang City which is located on Jl. Buring No. 10, Malang City for the blood transfusion unit (UTD) and on Jl. Buring No.19 Malang City for the PMI Malang City headquarters unit. This study used quantitative methods with a population of all PMI Malang City employees with a total of 120 people. The data collection method uses probability sampling with proportional random sampling, based on the Slovin formula, the sample in this study was 55 respondents. Data analysis using Multiple Regression Analysis using the SPSS version 24 program. From the research conducted in June 2022, the results of the study were obtained which showed that: (1) There is no direct influence of job satisfaction on the performance of PMI Malang City employees; (2) There is no direct influence of work motivation on the performance of PMI Malang City employees; (3) There is a direct influence of work ethic on the performance of PMI Malang City employees; and (4) job satisfaction, work motivation and work ethic have a simultaneous influence on the performance of PMI Malang City employees

KEYWORDS: Job Satisfaction, Job Motivation, Work Ethic and Employee Performance

THE EFFECT OF SATISFACTION, MOTIVATION AND WORK ETHIC ON THE PERFORMANCE OF PMI MALANG CITY EMPLOYEES

Introduction

The Indonesian Red Cross (PMI) is a non-governmental organization established by the government with the aim of assisting the government in the service of redheads. All have been contained in the Law of the Republic of Indonesia Number 1 of 2018 concerning Kepalangmerahan. PMI's Human Resources (HR) is an important factor in PMI's humanitarian services. Employees needed at PMI are required to be fast and precise in providing humanitarian services to the community directly as a perpetrator of pmi services themselves. The faster and more accurate the service-an.that is given to the community, the better the overall quality of service and automatically customer satisfaction as an organizational goal can be achieved.

PMI Malang City in this case is fully aware that the good quality of human resources is the main capital of an organization in the process of development internally and externally, therefore improving the quality and capacity of human resources is a mandatory thing that must be improved. Its implementation is based on achievements in the efficiency and effectiveness of the work. How well, the work done and as far as ma-na, the result of a job that is in accordance with the objectives of the organization. Employee performance can be measured by looking at the suitability between program planning and implementation, cooperation in workgroups, understanding and ability of employees at work and evaluation in achieving employee achievements. PMI employees are required to always work productively with high enthusiasm so that in providing services to the community , they do not seem slow, lazy and only to abort obligations.

Based on pre-survey observations that have been carried out by the author, in reality there is a phenomenon about the performance of pega-wai in PMI Malang City which is still relatively not optimal. According to Mangkunegara (2017) employee performance can be measured by 4 things as follows: (1) Kuali-tas.kerja; (2) Quantity.work; . (3) Performance of duties and (4) Responsibilities. Work quality is a benchmark of the level of efficiency and effectiveness of employees in carrying out their work. This is related to the actual conditions in PMI Malang City, it seems that some employees are still carrying out work perfunctorily. Indicators of task implementation for employees in PMI Malang City also seem to be very lacking. It can be seen that not all employees can be relied on in carrying out tu-gas in each of their parts as well as the ability of employees to innovate in work. During working hours at PMI Malang City, there was a gap between each section and seemed to work alone according to their respective parts, there were even some senior employees who did not know new employees from other parts due to the weak adaptation of employees in socializing in their work environment.

Employees who have not been able to provide their best performance can be caused by: (1) . The low sense of satisfaction of an employee at work can also be caused by the non-implementation of a reward and punishment system that makes employees feel that they are

not being paid attention to by the organization; (2) Low work motivation of employees, this can be seen from the fact that there are still many employees who often leave the office or their work for personal activities during working hours; and (3) . Low work ethic of employees at PMI Malang City. These three factors are estimated to be the factors that cause employees to not give their best performance to what is their duties and responsibilities. One of the problems that often occurs in employees is dissatisfaction with the work done, resulting in low employee performance. Job satisfaction can be related to the performance of the employee himself. This means that in order to maximize employee performance, a company / organization must be able to meet or even increase the level of job satisfaction of its employees (Putra, 2020: 50).

The second factor that has a spirit in employee performance is motivation, motivation is one of the factors that influence the performance of employees in the MALANG PMI environment. Creating human resources for PMI Malang City employees who have a good morale to always improve their competence and capacity is not an easy matter. Surely a person's motivation will go down when what is obtained.does not match what is done or expected. According to Zlate and Cucui (2015) work motivation is the top priority for a leader in an organization in developing organizational strategy. According to Putra (2020:50) in an organization, employee motivation is needed to achieve organizational goals. With high employee work motivation, it is hoped that all individuals from un-sur employees are willing to work together and enthusiastically so as to create an effective work environment for even better performance. If the motivation of employees da-lam work is high, it is hoped that the kiner-ja of an organization can be maximized. Inversely, if employee motivation is low, it can be ascertained that employee performance will also not be optimal.

Another factor that affects employee performance is work ethic. Nurjaya (2021) proves that work ethic has a significant influence on employee performance and the two things are very closely related. The work ethic of every individual employee is needed in advancing an organization. because otherwise the organization will find it difficult to compete with other competitors and will eventually be hampered in achieving organizational goals. Employees with a high work ethic will certainly show their attitude and disposition and confidence in trying to complete a worker. The work ethic of PMI Malang City employees is seen from the hard work of employees in completing their work hours and outside of working hours / overtime. It can be seen that there are still some employees who do not take advantage of working hours maximally and tend to explore the working hours that have been established by doing activities that are not related to their workers. Some employees also have low perseverance, judging from the work that never ends because it is influenced by factors such as low discipline, godliness, responsibility and not showing a professional attitude at work.

Based on the facts that are part of the author's observations at PMI Malang City about the existence of several employees who still have performance, satisfaction, motivation and work ethic which are still not optimal. As well as the differences of opinion from several researchers

as much as possible, so it is necessary to carry out re-research with different research objects. This research will discuss the "The Spirit of Satisfaction, Motivation and Work Ethic towards the Performance of Malang City PMI Employees" in order to examine whether there is a partial or simul-tan influence with the object of Malang City PMI employees.

Problem Formulation

The formulation of the problems in this study is as follows: (1) Does job satisfaction affect the performance of pmi pega-wai Malang City? (2) Does work motivation affect the performance of PMI Malang City employees? (3) Does work ethic affect the performance of PMI Malang city employees? (4) Does satisfaction, motivation and work ethic have a simultaneous effect on the performance of PMI Malang City employees?

Research objectives

The purpose of the study in this study is to test and obtain empirical evidence regarding: (1) The effect of work satisfaction on pega-wai performance at PMI Malang City. (2) The effect of work motivation on the performance of employees at PMI Malang City. (3) The influence of work ethic on the performance of employees at PMI Malang City. (4) The simultaneous effect of satisfaction, motivation and work ethic on performance. employees of PMI Malang City.

Literature Review

In the face of global competition in the world of work, employee performance is a mandatory thing that must be improved in compiling organizational strategies. In understanding the employee's work itself, here are some explanations from how many reliable sources are related to employee performance. This research uses the theoretical basis of the opinion of Mangkunegara (2017: 67) performance is defined as the result of work in terms of quality and quantity that has been produced by employees in carrying out duties in accordance with the authority and responsibility given by the organi-sasi. So the conclusion that can be drawn in defining kiner-ja is the result of the work of an employee seen from the point of view of quality and quantity.which is carried out within a certain time in accordance with the duties and responsibilities that have been received. Managing performance can mean managing all of an organization's resources that are focused on employee performance. The management of performance itself includes setting goals, selecting and placing employees, assessing performance, determining compensation, employee education and training as well as capacity building and management. Through the management system, an organization will design all HR functions, ranging from the recruitment system, employee selection, training and development of employee capacity, job description design, providing employee competencies and assessments, with the aim of improving employee work so that the goals of orga-nization can be met.

According to.Setiawan.dan Kartika (2014:1477) in measuring employee performance can use the following indicators: (1) Accuracy of internal employees. Escaping the burden of his duties in which there is management manages the time and accuracy of the pega-wai in completing

his tasks. (2) The suitability of working hours is the ability of the pega-wai in carrying out company / organization regulations in terms of timely entry and return to the ker-ja and the number of attendance. (3) The level of employee attendance can be seen from the number of absenteeism of employees in the specified period of time. (4) Cooperation between employees shall demonstrate the ability of a pega-wai to be able to cooperate with other employees in completing their duties. Job satisfaction can be seen from the differences in each individual employee, according to the employee's own perception of his duties and responsibilities. That is, the level of job satisfaction in each employee is not sa-ma. If an employee in an organization has achieved work satisfaction, then the employee will feel comfortable so that his interest in the organization will increase. Job satisfaction is an employee's attitude towards their work by comparing the amount that employees should receive with the number of awards received by employees from the organization (Robbin, 2015).

The perception of individual employees towards the burden of duties and the results obtained, in addition to many other factors around the work environment that influence the attitude of individual pega-wai towards their field of work. According to Sunarta (2019) job satisfaction is not only about positive behaviors such as productive, discipline, initiative, discipline, obedient, innovative and helpful. But also the control of negative behaviors of pega-wai, such as corruption, theft, damage and other negative things with the aim of happiness, psychological misfortune and quality of life of employees. Employees whose level of work satisfaction is high will prefer their work to be less likely to get job satisfaction. Job satisfaction is very much intrigued by several factors.that affect it. This is because of these supporting factors, employees are able to feel the satisfaction of work or not. If an organization can present a safe work environment, it can affect the feelings of the pega-wai in carrying out their duties. Good leadership communication techniques with employees also play a very important role in creating the satisfaction of an employee's work, this is related to the ability of communication in hearing, understanding and acknowledging opinions and appreciations of employee achievements in an organization.

According to Yuwono quoted by Spector.in Badriyah (2015: 241) where the technique of identifying job satisfaction can use the following indicators: (1) Wages, (2) Promotion, (3) Supervision, (4) Benefits, (5) Contingents rewards, (6) Operating procedures, (7) Co-workers, (8) Nature of work , (9) Communication. From several explanations regarding job satisfaction indicators, it can be concluded that if the employee job satisfaction indicators consist of the content of work (oto-nomi.work and clarity of work), .management (support, work environment, workplace environment, relationships.subordinate superiors and between employees), job promotion (opportunities and systems promotion), training and compensatory (salary and reward). In this case, an organization is able to give a clear picture of job satisfaction to its employees. Work motivation is a benchmark that can be used to see how long an employee can last in carrying out his work. Work moti-vasi is strengthened by the

attitude of the employee in the face of the work situation in order to achieve the goals of the organization. In carrying out his tu-gas and responsibilities, an employee is required to carry out the work earnestly and passionately. It is designed so that the work can be completed quickly, .precisely and with maximum results. Abraham Maslow according to Mangkunegara (2017:94) divides basic human needs into five levels, including: (1) Physiological care, (2) Needs of safe ra-sa, (3) Needs of belonging, (4) Needs.self-esteem, (5) Needs.actualizing.self. The indicators of work motivation according to Mangkunegara (2017) include: (1) Hard work, (2) Future orientation, (3) Efforts to advance, (4) Selected colleagues, (5) High level of ideals, (6) Task / goal orientation, (7) Perseverance, (8) Utilization of time

A person's work ethic is closely related to the character and personality of the employee in question. Work ethic is shaped by the influences, habits, cultures and values that a person believes in. In accordance with the opinion of Lie and Wijaya (2017) that work ethic is an understanding and belief in something in a menda-sar way so that it can affect life and make a principle of life. So that it can be concluded that in the work ethic itself contains passion and enthusiasm in carrying out tasks optimally or even the employee will try to achieve a work quality that is close to perfect. That is, there is a spirit from employees to perfect the results of their work and avoid the potential risk of damage so that the details of their work are prioritized to minimize or even eliminate errors or damage. The work ethic also draws the attitudes of employees from the evaluative aspects possessed by individual employees from the assessment.activities of ker-ja. Setiawan (2018) describes the in-dicator of work ethic as follows: (1) Full of responsibility, (2) High morale, (3) Disciplined, (4) Diligent and serious, (5) Maintaining mar-tabat and honor.

Research Model

The framework of the research concept can be described as follows:

Figure 1. Research Concept Framework
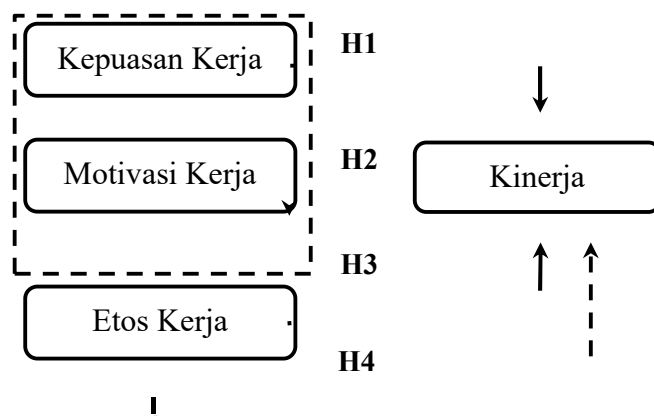
Research Hypothesis

Hypotheses based on the results of the theory.and.concept framework that have been previously outlined, then several hypotheses can be compiled as follows:

H1: Job satisfaction has a positive and significant effect on employee performance at PMI Malang City.

H2: Work motivation has a positive and significant effect on employee performance at PMI Malang City.

H3: Work ethic has a positive and significant effect on employee performance at PMI Malang City.

H4: Satisfaction, motivation and work ethic simultaneously have a significant impact on the work of employees at PMI Malang City.

Method

This research falls into the category of causal associative research, which is to ask about the relationship between two or more variables using a quantitative approach. This study will later explain the .relationship .affects and.influenced from the variables-varia-bell that will be studied, namely job satisfaction (X1), work motivation (X2) and work ethic (X3) to the dependent variable.performance.employee (Y). This research uses a quantitative approach because the data to be used in analyzing the inter-variables are expressed by numbers.

This research was carried out at PMI Malang City, Jl. Buring No. 10 and 19 Malang City with the implementation time in May 2022. With the population of these researchers , they are employees of PMI Malang City with a total of 120 people. This study used a method of retrieving probability sampling data with propor-tional random sampling. Probabili-ty.sampling is a tek-nik sampling by providing opportunities for all members of the population to become sam-pel. Meanwhile, proportional random sampling is random sampling of a population regardless of its strata, Sugiyono (2017). So that the number of respondents who will be used in this research is 55 people, with a sample distribution of 14 employees from the Headquarters unit and 41 employees from UTD. The data collection method used in this study was to use a questionnaire or questionnaire. Sugiyono (2017: 142) questionnaire itself is a method of collecting data that is done by giving a set of questions or written statements to respondents to answer. In this study, researchers used a closed questionnaire type, so respondents only had to give a sign or tick (√) on one of the answers that were considered appropriate.

Likert scale as a measure of attitudes, opinions and perceptions of a person or group of people related to social phenomena. According to Sugiyono (2014:58) the likert scale used is a minimum score of 1 to a maximum score of 4, so that a definite answer is obtained from the response-den. The answer will appear to tend to agree or disagree, so it is hoped that the results will be more relevant to the actual situation.

Result

PMI Malang City consists of 2 units located on Jl. Buring No. 10 Malang City for the Blood Trans-fusion Unit (UTD) with a total of 89 employees and 31 employees from the Ya-ng Headquarters Unit located on Jl. Buring No. 19 Malang City. For administrative hours starting from 07.00 – 14.00 WIB for Monday to Thursday, 07.00 – 11.00 WIB specifically for Friday and 07.00 – 12.30 WIB for Saturday. Se-dangkan for the blood service department and picket officers are valid for 3 shifts within 24 hours, with a division of shift 1 at 07.00 – 14.00 WIB, shift 2 at 14.00 – 20.00 WIB and for shift 3 from 20.00 – 07.00 WIB. For employees who are scheduled in shift 3 have more operating hours than shif 1 or shift 2, so there is a policy from the management of PMI Malang City for officers who are scheduled in shift 3 have the right to get additional extra fooding.

Based on the results of the distribution of questionnaires that have been distributed to all pmi employees in Malang City, in this study there were 55 respondents and have provided some information about the situation of the respondents as ob-jek of this study, including: gender classification, age, length of work and the respondent's last education. Primary data is dio-leh.through distributing questionnaires in the form of Google Forms with the link: https://bit.ly/AngketPMI to all PMI Malang City Employees

Table 1 Gender Characteristics

Gender	Number	Percentage
Male	32	58,18%
Female	23	41,82%

Respondents with the most male sex filled out this study questionnaire with a percentage of 58.18% of the total respondents totaling 55 people and 41.82% of respondents from PMI Malang City employees with female sex. The number of respondents is relatively almost the same between men and women, claiming male employees are needed in services, ambulance pickets and disasters to ma-lam shifts, considering that there is a policy from the management of pmi Ma-lang City for employees who are gassed shifts malang only for pe - gadgets with male gender. Meanwhile, female employees are dominated by the administrative and financial departments and the blood la-boratorium section in the Transfu-si Darah Unit (UTD) which requires a high level of accuracy.

Table 2 Age Characteristics

Age	Number	Percentage
20 – 30 Years	14	25,46%
31 – 40 Years	31	56,36%
41 – 50 Years	7	12,73%
> 50 Years	3	5,45%

THE EFFECT OF SATISFACTION, MOTIVATION AND WORK ETHIC ON THE PERFORMANCE OF PMI MALANG CITY EMPLOYEES

Judging from the table above, based on the age of response-den with an age range of 31 to 40 years dominates the pene-litian with a percentage of 56.36% of the total number of responses-den of 55 people, while the second place with a percentage of 25.46% aged 20 to 30 years, followed by 12.73% for the age range of 41 to 50 years and only 5.45% with an age range over 50 years. The data above shows an illustration that the average age of employees at PMI Malang City is in an adult and productive age. Employees with an age spanning between 31 to 40 years are considered competent and able to be responsible for the work that is their duty and authority.

Table 3 Characteristics of Length of Work Length of Work Percentage Amount

Length of Work	Percentage	Amount
1 – 5 Years	15	27,27%
6 – 10 Years	17	30,91%
11 – 15 Years	13	23,64%
16 – 20 Years	7	12,73%
> 20 Years	3	5,45%

From the data of table 3 above, it shows that the span of length of work at PMI Malang City from 55 respondents varies greatly. Seen from the table above, 27.27% of respondents with a length of work of 1 to 5 years, 30.91% with a length of work of 6-10 years, 23.64% in the range of 11-15 years, 12.73% stretched from 16–20 years and 5.45% in the working period span of more than 20 years at PMI Malang City. The period of work is very influential in developing enthusiasm and maximizing the potential that exists in the employee concerned to be able to carry out their duties and responsibilities better. The lower percentage of employees working in PMI Malang City will certainly cause assumptions about the low loyalty of employees in the work environment of PMI Malang City itself.

Table 4 Characteristics of Final Education

Last Education	Percentage Amount	Last Education
SMA	12	21,82%
Diploma	25	45,45%
Undergraduate	17	30,91%
Magister	1	1,82%

The table above shows that respondents with a Diploma education level are the most respondents reaching 45.45% among other educators out of a total number of 55 respondents. It is predicted that the distribution of job position holders in PMI Malang City is highest in the Blood Transfusion Unit (UTD) rather than the PMI Headquarters Unit with 41 and 14 employees, so that the educational qualifications needed at UTD PMI Malang City are education equivalent to Diplomas in the field of Kepera-watan, Blood Trans-fusion Engineering Education (PTTD) and Blood Bank Technology (TBD).

The phenomenon that occurs from data on the age, length of work and the last education of employees in the work environment of PMI Malang City makes researchers assume that

employees have been recorded as devices for PMI Malang City after graduating from high school / equivalent. However, in 2018, PMI Malang City obtained certification on How to Make Good Drugs (CPOB) from the Food and Drug Supervisory Agency (BPOM) in terms of blood processing. The consequences that must be fulfilled by pmi Malang City on employees are to jibkan pmi malang city employees who are involved in blood processing and laboratories to have the last education of diploma 3 mini-mall which is linear with their duties and responsibilities.

Descriptive Analysis of Variables

The description of the research variables was carried out in order to determine the description of respondents' perceptions related to the statements submitted in the questionnaire about satisfaction, motivation, work ethic and employee performance at PMI Malang City. Descriptive analysis is the average value of respondents' answers categorized by class intervals. Da-lam this study used a class interval of 0.75, so it can be categorized as follows :

Table 5 Categories of Average Respondents' Answers

Category Interval	Category Interval
3,25 – 4,00	Excellent/ Very High
2,50 – 3,25	Good/High
1,75 – 2,50	Not good/Low
1,00 – 1,75	Very bad/Very Low

Table 6 Descriptive Analysis of Indicators of Job Satisfaction Variables

Category Average	Value Indicator	Category Average
Job content	2,63	Baik/Tinggi
Management	2,87	Baik/Tinggi
Working environment	2,88	Baik/Tinggi
Job promotion	2,77	Baik/Tinggi
Compensation	2,92	Baik/Tinggi
Job training	2,90	Baik/Tinggi

Table 6 shows the results of a descriptive analysis of respondents on employee job satisfaction variables, there are 6 indicators, including: job content, management, work environment, job promotion, compensation and job training. According to the perception of the average pmi employee in Malang City, it is stated that each of the indicators has a good / high category. From the data obtained by researchers in this study, there was a high percentage of 50.9% of the response-den which stated the dissatisfaction of Ma-lang City PMI employees towards the current ker-ja promotion system (X1.12) and 47.27% stated that they were dissatisfied with income based on employee work performance in the work environment of PMI Malang City (X1.2). While 2 indi-kator falls into the category of not good/low, the terse-but indicator is a statement of not being able to complete the amount of work as stipulated by the company (X1.2) and very ja-rang taking permission (X1.12). Phenomenon related to 2 indicators of bad / low category in the Malang City PMI environment, the researcher concluded that if not all employees in the Malang City PMI work environment have guidelines / job discription in

working. This makes it difficult for employees to define the work target itself, thus affecting the results of the X1.2.

Tabel 7 Descriptive analysis of work motivation

Category	Average	Indicator
Physical needs	2,55	Good/High
The need for a sense of security	2,89	Good/High
Social needs	2,94	Good/High
The need for rewards	2,73	Good/High
Need to achieve goal	2,69	Baik/Tinggi

Responses from respondents about work motivation variables showed that the work motivation of PMI Malang City employees was in a good/high category. It can be concluded that PMI Malang City employees have good work motivation with a percentage of 60% to 84%, which is indicated by the highest percentage of 84% of respondents who feel satisfied after carrying out the duties that are their responsibility and authority (X2.7). In addition, PMI Malang City employees also have a good work hu-bungan with colleagues (X2.4) and feel safe and comfortable in the work environment of PMI Malang City.

This can be seen from the daily life of PMI Malang City employees who are able to cooperate between several parts in achieving organizational goals. In addition, there were also a number of respondents' answers that stated that they disagreed and strongly disagreed, such as in the statement that the salary given had been able to meet the needs of life (X2.1) by 40% and 32.73% who said that the boss gave praise that Ji-ka could complete the task te-pat time (X2.6). From terse-but data , researchers conclude that the salary of PMI Malang City employees is still not enough to meet the needs of employees in big cities such as Malang City and considering that the number of employees in UTD is 89 people with a division of 4 sections, logically 1 section head is in charge of 22 to 23 employees. With such a comparison, the process of monitoring and evaluating employees is difficult, so that the leadership does not give praise to the employees one by one.

Table 8 Descriptive Analysis of Work Ethic Variable Indicators

Category	Average	Indicator
Full of Responsibility	3,21	Good/High
High morale	3,13	Good/High
Disciplined	3,10	Good/High
Diligent and serious	3,18	Good/High
Maintain dignity and honor	3,13	Good/High

In this study, the variables of work ethic were determined by five indicators, including: full of responsibility (X3.1), high morale (X3.4), plinth-sided (X3.5), diligent and serious (X3.7) and maintaining dignity and honor (X3.8). Table 5.12 shows that the average value of the indicators constituting the work ethic variable was 75.76% who agreed and 19.80% said they strongly

agreed while 4.24% said they did not agree and 0% who expressed disagreement. This proves that the work ethic of the response-den is in good shape.

Table 9 Descriptive Analysis of Employee Performance Variable Indicators

Category	Average	Indicator
Accuracy of task completion	3,12	Good/High
Fit of working hours	3,06	Good/High
Attendance rate	3,00	Good/High
Cooperation between employees	3,13	Good/High

From the data from the des-cryptive analysis of respondents' perceptions of the performance of PMI Malang City employees according to the table data above, there are 4 indicators that reflect the performance of Malang City PMI employees, including: the accuracy of completing tasks, the suitability of working hours, the level of attendance and cooperation between employees. The average device of PMI Malang City agrees that the quality of work is good / high or the employees of PMI Malang City are able to complete work appropriately, in accordance with working hours and high attendance rates as well as good cooperation between employees. The per-centase value was obtained as follows: 8% of respondents expressed strong agreement, 70% of respondents agreed, 19% of respondents expressed disapproval and 3% expressed strong disapproval.

Partial Hypothesis Test (t Test)

Table 10 Partial Test Results (t)

Variabel	t hitung	Sig.	Kesimpulan
Kepuasan kerja	1.429	0.159	Tidak terdapat pengaruh
Motivasi kerja	0.653	0.517	Tidak terdapat pengaruh
Etos kerja	5.620	0.000	Terdapat pengaruh

First Hypothesis Testing (H1) is rejected which means there is no effect of X1 on Y.
Second Hypothesis Testing (H2) is rejected which means there is no effect of X2 on Y.
Third Hypothesis Testing (H3) is accepted which means there is an influence of X3 on Y.

Simultaneous Hypothesis Test (F Test)

Table 11 Simultaneous Test Results (F)

ANOVAa					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	122,927	2	61,463	17.280	,000b
Residual	98,971	51	2,749		
Total	221,897	54			

Table 11 above shows the significance value for the simultaneous influence of X1, X2 and X3 on Y is 0.000 < 0.05 and the calculated F value is 17.280 > F of table 2.7826 so it can be

concluded that H4 is acceptable which means there is a simultaneous influence of X1, X2 and X3 on Y.

Coefficient of Determination Delta Test (R2)

Table 12 Coefficient of Determination (R2) Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,710ᵃ	,504	,475	2,66241

Based on the above output, the R Square value is 0.504. This means that the simultaneous influence of variables X1, X2 and X3 on variable Y is 50.4%.

Discussion

Based on the results of statistical tests in this study, there are several statements that answer the problem, including:

The results of the data analysis test stated that the job satisfaction variable (X1) did not have a significant effect on the performance of (Y) employees in the Malang City PMI environment. An interesting fact was obtained by researchers with the object of employee research in the work environment of PMI Malang City, where income did not have a significant effect on performance. This is based on the fact that PMI is a social humanitarian organization that indirectly makes employees in the work environment of PMI Malang City prioritize services with high loya-litas in serving consumers / service users. Begi-tu also with a promotion system, considering that the career path of PMI Malang City employees only has 2 levels of structural positions, namely: section head (9 seats) and unit head (2 seats) with a comparison of 120 PMI Malang City employees as a whole.

The results of the hypothesis analysis test explained that work motivation (X2) had no significant effect on the performance of (Y) pmi employees in Malang City. The fact that researchers have questioned in supporting this research ha-sil is that the management of PMI Malang City has not been optimal in rapping the reward and punishment system in coaching employees in the work environment of PMI Malang City.

The results of the hypothesis analysis test determined that work ethic (X3) had a significant effect on the performance of (Y) PMI malang employees. This is obtained from a significance value that is smaller than α (0.05) which is 0.000. This means that there is an influence between the work ethic of employees on the kiner-ja of PMI Malang City employees in which there are tang-responsibilities and carrying out work with full honesty. This supports previous research by Suriansyah (2015), Ikhsan Abd. Wahid (2019) and Wenty Fibrianti and Lela Nurlaela W. (2020) who stated that work ethic has a positive and significant effect on employee performance.

The results of this study show that the variables of job satisfaction (X1), work motivation (X2) and work ethic (X3) simultaneously have a significant influence on job satisfaction (Y) of PMI employees in Malang City. The performance of the pega-wai can be influenced by three basic things, namely: work satisfaction, work motivation and work ethic. An employee who has a high work ethic will certainly describe a high morale, as well as high motivation and job satisfaction will tend to make employee performance even better.

Conclusion

Based on the results of the study, several conclusions can be obtained as follows: (1) Prove that job satisfaction (X1) does not have a significant effect on the performance of (Y) PMI Malang City employees. (2) Prove that work motivation (X2) does not have a significant impact on the performance of (Y) PMI Malang City employees. (3) Prove that work ethic (X3) has a significant effect on the work (Y) of PMI Malang City employees. (4) Prove that job satisfaction (X1), work motivation (X2) and work ethic (X3) have a significant effect on the performance of PMI Malang City employees.

Reference

A. A. Anwar Prabu Mangkunegara. 2017. *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: PT. Remaja Rosdakarya.

A.Y.Hamali. 2016. *Strategi, Pemahaman Manajemen Sumber Daya Manusia: Academic, Mengelola Karyawan*. Yogyakarta: Caps (Center For Academic Publishing Service).

Abdi Setiawan. 2018. "Analisis Kepemimpinan dan Etos Kerja Terhadap Kinerja Pegawai di Lingkungan Biro Rektor UNPAB Medan. Jurnalkajian Ekonomi Dan Kebijakan Publik".

Abdul Rahman Saleh, Hardi Utomo. 2015. "Pengaruh Disiplin Kerja, Motivasi Kerja, Etos Kerja dan Lingkungan Kerja Terhadap Produktivitas Kerja Karyawan Bagian Produksi di PT. Inko Java Semarang". *Among Makarti,* 11(21),

Adha Risky Nur, Nurul Qomariah, Achmad Hasan Hafidzi. 2019. "Pengaruh Motivasi Kerja Lingkungan Kerja Budaya Kerja Terhadap Kinerja Karyawan Dinas Sosial Kabupaten Jember". *Jurnal Penelitian Ipteks*, 4(1).

Ardiansyah, A., Lie, D., & Wijaya, A. 2017. "Pengaruh Gaya Kepemimpinan Dan Etos Kerja Terhadap Kepuasan Kerja Karyawan Pada PT Taspen (Persero) KC Pematangsiantar". *Maker: Jurnal Manajemen*, *3*(2): 1–9.

Arfamaini, R. 2016. Pengaruh Kepuasan Kerja Terhadap Kinerja Karyawan Pt. Bank Pembiayaan Rakyat Syariah (Bprs) Bhakti Sumekar Kabupaten Sumenep. *Applied Microbiology and Biotechnology*, *85*(1): 2071–2079.

Artana, I Wayan Arta. 2012. "Pengaruh Kepemimpinan, Kompensasi, dan Lingkungan Kerja Terhadap Kinerja Karyawan (Studi Kasus di Maya Ubud Resort & SPA)". *Jurnal Perhotelan dan Pariwisata*, 2(1): 66-80.

Azwar, Saifuddin. 2009. *Metode Penelitian*. Yogyakarta: Pustaka Pelajar.

Badriyah, M. 2015. *Manajemen Sumber Daya Manusia*. Bandung : CV Pustaka Setia.

Bangun, Wilson. 2012. *Manajemen Sumber Daya Manusia*. Bandung: Erlangga.

Bangun, Wilson. 2012. *Manajemen Sumber Daya Manusia*. Bandung: Erlangga.

BPS United Nation Population Fund. 2015. "Analisis Korelasi dan Regresi Linier". Jakarta.

Candana, D. M. 2021. "Determinasi Prestasi Kerja Dan Kepuasan Kerja: Etos Kerja Dan Disiplin Kerja (Suatu Kajian Studi Literatur Manajemen Sumberdaya Manusia)". *Jurnal Ilmu Manajemen Terapan*, *2*(4): 544–561. https://doi.org/10.31933/jimt.v2i4.471.

Darmadi. 2018. *Manajemen Sumber Daya Manusia Kekepalasekolahan "Melejitkan Produktivitas kerja kepala sekolah dan faktor-faktor yang mempengaruhi."* Yogyakarta: CV Budi Utama.

Edison, E., Anwar, Y., & Komariyah, I. 2016. Manajemen Sumber Daya Manusia. In *Manajemen Sumber Daya Manusia*.

Edy, Sutrisno, 2016. *Manajemen Sumber Daya Manusia*. Jakarta: Kencana Prenada Media Group.

Fadhil, A., & Mayowan, Y. 2018. "Pengaruh Motivasi Kerja dan Kepuasan Kerja terhadap Kinerja Karyawan AJB Bumiputera". *Jurnal Administrasi Bisnis*, *54*(1): 40–47.

Fahmi, Irham. 2017. *Manajemen Sumber Daya Manusia*. Bandung : Alfabeta.

Febrianti, W., & Wati, L. N. 2020. Pengaruh Kompensasi Terhadap Etos Kerja Dan Dampaknya Terhadap Kinerja Karyawan Pt. Artha Retailindo. *Jurnal Ekobis : Ekonomi Bisnis & Manajemen*, *10*(1): 82–93. https://doi.org/10.37932/j.e.v10i1.87.

Ghozali, Imam. 2011. *Aplikasi Analisis Multivariate Dengan Program SPSS*. Semarang: Badan Penerbit Universitas Diponegoro.

Hani, T. Handoko. 2014. *Manajemen Personalia dan Sumber Daya Manusia*. Yogyakarta :BPFE-Yogyakarta.

Haryono, S., Supardi, S., & Udin, U. 2020. "The effect of training and job promotion on work motivation and its implications on job performance: Evidence from Indonesia". *Management Science Letters*, *10*(9): 2107–2112. https://doi.org/10.5267/j.msl.2020.1.019.

Hasibuan, Malayu. 2016. *Manajemen Sumber Daya Manusia*. Jakarta: Penerbit Bumi Aksara.

Hasibuan, Malayu.S.P. 2018. *Manajemen Sumber Daya Manusia*. Jakarta: PT Bumi Aksara

Hidayat, I., & Agustina, T. 2020. "Pengaruh Etos Kerja, Motivasi Kerja, Kepuasan Kerja, dan Kompensasi terhadap Kinerja Polisi Biddokkes Polda Kalimantan Selatan". *Journal of Technopreneurship on Economics and Business Review*, *1*(2): 100–109. https://doi.org/10.37195/jtebr.v1i2.42.

Ikhsan Abd. Wahid. 2016. "Pengaruh motivasi, etos kerja dan disiplin kerja terhadap kinerja pegawai negeri sipil (PNS) pada Dinas Kehutanan dan Perkebunan daerah Kabupaten Morowali". *e Jurnal Katalogis*, 4(8): 156-163.

Kadarisman, M. 2012. *Manajemen Pengembangan Sumber Daya Manusia*. Jakarta: Rajawali Press. Jakarta.

Katebi, A., HajiZadeh, M. H., Bordbar, A., & Salehi, A. M. (2022). The Relationship Between "Job Satisfaction" and "Job Performance": A Meta-analysis. *Global Journal of Flexible Systems Management*, *23*(1), 21–42. https://doi.org/10.1007/s40171-021-00280-y

Mahmudi. 2015. *Manajemen Kinerja Sektor Publik.* 2nd ed. Yogyakarta: UPP STIM YKPN.

Niazi, H. A., & Luhur, U. B. 2019. "Pengaruh Etos Kerja, Kepemimpinan, Dan Budaya Organisasi Terhadap Kepuasan Kerja Serta Dampaknya terhadap Kinerja Karyawan (Studi Kasus Pada Badan Penanggulangan Bencana Daerah Provinsi Nusa Tenggara Barat)". 8(1): 71–85.

Nimas Ayu Pitasari dan Mirwan Surya Perdhana. 2018. "Kepuasan Kerja Karyawan: Studi Literatur". *Diponegoro Journal Of Management,* 7(4): 1-11.

Noviansyah dan Zunaidah. 2011. "Pengaruh Stres Kerja dan Motivasi Kerja Terhadap Kinerja Karyawan PT Perkebunan Minanga Ogan Baturaja". *Jurnal Manajemen dan Bisnis Sriwijaya*, 9: 18.

Noviansyah, Z. &. 1989. "Pengaruh Stres Kerja Dan Motivasi Kerja Terhadap Kinerja Karyawan PT. Perkebunan Minanga Ogan Baturaja". *Journal of Chemical Information and Modeling*, *53*: 160. https://doi.org/10.1017/CBO9781107415324.004.

Nurjaya, N., et al 2021. "Pengaruh Etos Kerja Dan Disiplin Kerja Terhadap Kinerja Pegawai Pada Dinas Kehutanan Dan Perkebunan Kota Bogor". *JENIUS (Jurnal Ilmiah Manajemen Sumber Daya Manusia)*, 4(2): 172-184.

Octarina, Arischa. 2013. "Pengaruh Etos Kerja dan Disiplin Kerja Terhadap Kinerja Pegawai pada Dinas Kebudayaan Pariwisata Pemuda dan Olahraga Kabupaten Sarolangun". *Kumpulan Journal Mahasiswa Fakultas Ekonomi Universitas Andalas*, 1(1).

Oktiani, N., Sabariah, E., Saridawati, S., & Caroline, P. 2019. "Implementasi Penerapan Motivasi Kerja dan Kinerja Karyawan Terhadap Peningkatan Produktifitas Kerja". *Widya Cipta: Jurnal Sekretari Dan Manajemen*, *3*(2): 255–262. https://doi.org/10.31294/widyacipta.v3i2.6472.

Pabundu Tika. 2010. *Budaya Organisasi dan Peningkatan Kinerja Perusahaan*. Jakarta : PT. Bumi Aksara.

Phuong, T. T. K., & Vinh, T. T. 2020. "Job satisfaction, employee loyalty and job performance in the hospitality industry: A moderated model". *Asian Economic and Financial Review*, *10*(6): 698–713. https://doi.org/10.18488/journal.aefr.2020.106.698.713.

Probowati, Anna. 2012. *Membangun Sikap dan Etos Kerja. Jurnal Psikologi*. Purworejo: Universitas Muhammadiyah Purworejo.

Putra, A. dan Saraswati, D. 2020. *Bank dan Lembaga Keuangan Lainnya*. Surabaya: CV. Jakad Media Publishing.

Robbin & Judge. 2015. *Perilaku Organisasi.* 16th ed. Jakarta. Salemba Empat.

Saleha. 2016. "Pengaruh Kecerdasan Emosional, Lingkungan Kerja Dan Budaya Kerja Terhadap Kinerja Pegawai Pada Dinas Bina Marga Propinsi Sulawesi Tengah". *Katalogis*, 4: 196–203.

Setiawan, F., & Kartika Dewi, A. 2014. "Pengaruh Kompensasi dan Lingkungan KerjaTerhadap Kinerja Karyawan Pada CV. Berkat Anugrah". *EJurnal Manajemen Universitas Udayana*, 3(5).

Sugiyanto. 2012. *Model-model Pembelajaran Inovatif*. Surakarta: UNS.

Sugiyono. 2017. *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta.

Sunarta, S. 2019. "Pentingnya Kepuasan Kerja". *Efisiensi - Kajian Ilmu Administrsi*, *16*(2): 63–75. https://doi.org/10.21831/efisiensi.v16i2.27421.

Suriansyah. 2015. "Pengaruh Motivasi Dan Etos Kerja Terhadap Kinerja Pegawai Pada Sekretariat Daerah Kabupaten Kota Baru". *Jurnal Ilmiah Ekonomi Bisnis*, *1*(1): 104–113.

Sutrisno. 2014. *Manajemen Sumber Daya Manusia*. Kencana Prenada Media Group, Jakarta.

Suzanto dan Fitriasari. 2014. "Pengaruh Motivasi Kerja, Disiplin Kerja, dan Koordinasi Terhadap Kinerja Pegawai (Suatu Studi Pada Cabang Pelayanan Dinas Pendapatan Daerah Provinsi Wilayah Kota Bandung III Soekarno Hatta)". *Jurnal Ekonomi, Bisnis, & Entrepreneurship*, *8*(2): 123–136.

Torang, Dr.Syamsir. 2014. *Organisasi dan Manajemen*. Bandung: ALFABETA

Triatna, Cepi. 2015. *Perilaku Organisasi dalam Pendidikan*. Bandung: PT Remaja Rosdakarya.

Wibowo . 2014. *Manajemen Kinerja* . 4th ed . Jakarta : Rajawali Pers.

Wukir. 2013. *Manajemen Sumber Daya Manusia Dalam Organisasi Sekolah*. Yogyakarta: Multi Presindo.

Yuliejantiningsih Y. 2012. "Pengaruh Iklim Sekolah, Beban Tugas, Motivasi Berprestasi dan Kepuasan Kerja Guru dengan Kinerja Guru SD". *Jurnal Manajemen Pendidikan* 1(3): 239-256

Zlate, S., & Cucui, G. 2015. "Motivation and Performance in Higher Education". *Procedia - Social and Behavioral Sciences*, *180*: 468–476. https://doi.org/10.1016/j.sbspro.2015.02.146.

Zlate, Stefania, dan Gabriel Cucui. 2015. "Motivation and Performance in Higher Education." *Procedia - Social and Behavioral Sciences,* 180: 468–76.

THE EFFECT OF SERVICE QUALITY AND INSTITUTIONAL IMAGE ON WORD OF MOUTH WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT THE LEARNING INSTITUTION OF DIPA LEARNING CENTER IN MALANG CITY

Marini Wijaya
Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Tin Agustina Karnawati
Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Yunus Handoko
Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Email Correspondence: mariniwijaya376@gmail.com

ABSTRACT

This study intends to analyze the effect of service quality and institutional image on customer satisfaction, as well as the indirect effect on word of mouth through customer satisfaction at the learning institution of Dipa Learning Center Malang City. This research used the sampling technique of purposive sampling. The instrument for taking questionnaires was 74 respondents, namely parents of students from the learning institution of Dipa Learning Center who were actively studying for at least 6 months until March 2022. The research data were processed quantitatively descriptively by path analysis techniques applying the Smart PLS 3.3.9 application software. The results are supported by primary data using questionnaires. The results indicate that: (1) Service quality has a significant effect on customer satisfaction; (2) Institutional image has a significant effect on customer satisfaction; (3) Service quality has an effect but is insignificant on word of mouth; (4) Institutional image has an effect but insignificant on word of mouth; (5) Customer satisfaction has a significant effect on word of mouth; (6) Service quality and institutional image have a significant effect on customer satisfaction; (7) Service quality and institutional image have an effect but insignificant on word of mouth through customer satisfaction, and it is not proven that customer satisfaction is an intervening variable.

KEYWORDS: Service Quality, Institutional Image, Customer Satisfaction, Word Of Mouth, Intervening Variables

Introduction

The progress and growth of a country, especially Indonesia, depends on the educational advancement of its citizens. It can be concluded that the more advanced the citizens' education, the more developed their country will be. The Indonesian government's policy towards education is always changing to adapt to national and global needs.

And in the last 2 years, many adjustments in terms of education have been made due to the COVID-19 pandemic. Early in 2022, the government released the most recent instructions for the use of limited online learning during the COVID-19 epidemic. These guidelines were specified in a joint decree of four ministries; where face-to-face learning was limited and partly not done directly and the duration learning is shorter than conditions before the pandemic. This affects the ability of students in receiving material at school is decreasing.

Tutoring institutions as a form of solution for students to get additional enrichment material carried out outside school hours, which aim to be able to understand lessons at school more optimally, in addition to adding other skills outside of what is taught in formal schools. In Malang city there are 82 LKP (Course and Training Institutions) that have an NPSN (National School Identification Number) registered with the Malang city education and culture agency (Dapodik Malang City, 2022). And one of them is Dipa Learning Center. Dipa Learning Center is a tutoring institution that has been established in 2015, established in Malang city and focuses on learning for children aged 3 to 15 years, namely pre-kindergarten, kindergarten, elementary, and junior high schools. In the Dipa Learning Center, there are several tutorials taught, namely abacus, mathematics, English, reading, writing, arithmetic, art, and swimming. The concept being carried is in one location for all tutoring, where the tag line used is "One Stop Learning Course for Kids".

It can be explained, for the learning institution of Dipa Learning Center which caters to children aged 3 to 15 years, it has two target markets/customers that must be considered, namely students with an age range of 3 to 15 years as end users and the parents of students as decision-makers. In this research, data collection will be carried out on the parents of students as decision-makers, which on average belong to generation Y (born 1980-1996) and a few generations X (1965-1980). Citing the BBC (in Kompas.com) Alexis Abramson, an expert on generational grouping, says the disparity in years of birth characterizes different generations. Generation Y is characterized by digital knowledge so that they cannot live without technology and are more concerned with experience.

The data of Central Bureau of Statistics for 2022 shows that the number of kindergartens to junior high school students in Malang city is 151,414 students. The following is the figures per education level.

THE EFFECT OF SERVICE QUALITY AND INSTITUTIONAL IMAGE ON WORD OF MOUTH WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT THE LEARNING INSTITUTION OF DIPA LEARNING CENTER IN MALANG CITY

Figure 1 Data on the Number of Kindergarten - Junior High School Students in Malang City for 2022
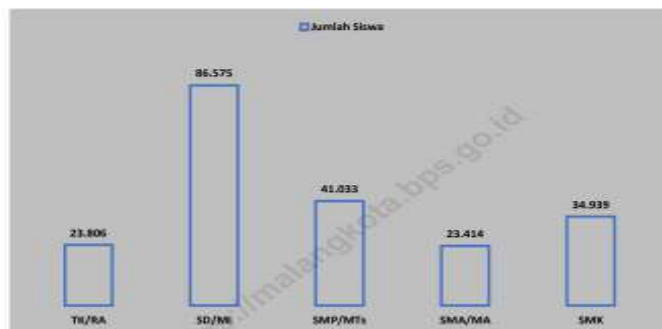
From this figure can be seen that there is potential that opens up opportunities for learning institutions, whether officially licensed or not, on a professional scale or on a home scale, to develop in the education business. And this shows the existence of fierce competition between these learning institutions.

To win the competition, it is necessary to have a prominent advantage for the Dipa Learning Center to win the market, in this case by improving and maintaining the service quality and the institutional image. The foundation to revenue development and customer enjoyment is total quality (Kotler, 1997). This is also following the statement of John F, Welch Jr., former CEO of GE, "Quality is our first-rate warranty of purchaser allegiance, our most powerful protection in opposition to overseas competition, and the simplest route to sustained boom and earnings" (Business Week, 1982 in Kotler and Keller). Customer satisfaction, company revenue, and service quality are all strongly associated; the greater the quality level, the higher the customer satisfaction, which also supports high prices with low expenses (Buzzle & Gale, 1987 in Kotler and Keller).

According to Hidayati (2018), service users in the early stages decide to use services because of their perceived quality, which in turn will arrive at the evaluation stage which leads to a sense of satisfaction or dissatisfaction. Service users who are dissatisfied because the quality does not match the initial perception will feel disappointed. This incident leads to the possibility of choosing another service in the future. However, if the satisfaction obtained by service users is following initial perceptions, it will form a good service image and loyalty to the services provided, and in the end actively inform others such as friends, friends, and family.

Based on field observations, management does not always know exactly what customers want, both students as direct connoisseurs of services and parents as decision-makers. For example, the management of the Institute thinks that learning with full and solid material will be better for customers, in this case, students and also parents of students, because learning targets can be achieved maximally and quickly. However, some students want learning that is

interspersed with games so that it is not boring, as well as there are parents who do not want students to get more learning pressure but expect maximum results.

In addition, the service quality determination by management is not yet specific or standardized, and this creates a misunderstanding between communication and action in the field. An example is the handling of customer complaints, in this case, parents as decision-makers must be fast, but it is not specified how many minutes, hours or days. This can also lead to dissatisfaction that arises in the customer. Including the difference between the offers on brochures that are advertised either directly or through online media with customer perceptions of physical reality

Lupiyoadi (in Dharmawan and Hidayat, 2018) states that one way to ensure customer satisfaction in the service business is through improving the service quality. Service quality has a strong effect on customer satisfaction, where service quality can motivate consumers to make repeat transactions or be loyal to the company. In accordance with Kotler and Keller (2006), a person's sense of satisfaction or dissatisfaction results from contrasting their expectations of a good or outcome with the actual outcome. Customers will be disappointed if performance falls short of expectations. Customers will be satisfied if performance meets expectations. If performance meets or exceeds expectations, the client will be extremely delighted or satisfied.

Kotler (in Ratnasari, 2016) states that "Images are how the public perceives the company or its product. Image is the collection of beliefs, ideas, and impressions a person has about an object. People's attitudes and actions toward an object are highly conditioned by the object's image.". The public's perception of a corporation or its products is known as its image. An image is a collection of assumptions, notions, and perceptions that an individual has about something. People's attitudes and actions towards an object are largely determined by the image of the object. Consumers buy an item not because they just need the item, but because there is something else that they expect. Something else is following the image formed in him. Therefore, organizations need to provide information to the public to form a good image. Levitt (in Ratnasari, 2016) states that: "The marketing imagination is the starting point of success in marketing".

Facts in the field, the institution management is active in promoting the institution both directly with the media brochures that are distributed as well as through online media as the current trend is social media such as Instagram, TikTok, Youtube, and the Website. In which the content is displayed in the form of the latest information, activities carried out as well as testimonials or demos from students. In this case, the management of the Institute focuses only on promotion, not on the formation of the institutional image itself.

In the research of Dharmawan and Hidayat (2018), it is stated that if a product or service is not known by consumers, they are most likely not to buy it. WOM is among the most effective

informational media. Word of Mouth (WOM) is how a goods or services is spread. Word of mouth is not the same as informal communication, where the speaker tends to appear as a more persuasive friend. The effect of word of mouth of a person is very strong because their word of mouth information is reliable, and besides that, it can reduce risk when making purchasing decisions.

The phenomenon of this problem is a strong and interesting reason to be used as a research using scientific approaches. Several previous studies have been conducted regarding this phenomenon. The most strongly related works are elaborated to obtain a research gap and then serve as a guideline/support for conducting research.

Erni Setyowati and Wiyadi's (2016) prior study on the impact of service quality on customer satisfaction demonstrates a favorable and substantial relationship between the two variables. Customer satisfaction increases with improved service quality. Aprih Santoso, Sri Yuni Widowati, and Zakky Fahma Auliya (2021) all make similar claims; Abdiannur (2019).

Subsequent research related to the institutional image on customer satisfaction that has been carried out by Connie Chairunnisa (2018) shows that there is a positive effect on the image variable of institution/brand/ institute/company on customer satisfaction. Dian Lestari Ekawati (2019); Putu Yuke Prabandari Erawan, I G N Jaya Agung Widagda K (2020) state the same thing, namely the higher image of an institution/brand/ institute/company, the higher level of customer satisfaction.

In addition, research by Sugeng Lubar Prastowo (2019), shows that the service quality and the image of institution/brand/institute/company have a positive and significant effect either partially or simultaneously on word of mouth. Several studies have shown the same results, namely research by Heri Prabowo, Widji Astuti, and Harianto Respati (2020).

Research by Egy Dharmawan and Imam Hidayat (2018) suggests that there is a positive effect (indirectly) from the service quality variable on word of mouth through the mediation of customer satisfaction and there is a positive effect from the image variable of the institution/brand/institute/company (indirectly) directly) to word of mouth through the mediation of customer satisfaction. In addition, this research also states that customer satisfaction has a positive and significant effect on word of mouth. This is also found in the research of Ina Ratnasari (2016); Garnis Anggi Saktiani (2015); Komang Melastri, I.G.A.K. Giantari (2019).

However, the results of this research are not the same as the research by Mustikaningrum Hidayati (2018) regarding customer satisfaction having a positive but not significant effect on word of mouth, that it was found that customer satisfaction do not mediate the effect of service quality on word of mouth.

THE EFFECT OF SERVICE QUALITY AND INSTITUTIONAL IMAGE ON WORD OF MOUTH WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT THE LEARNING INSTITUTION OF DIPA LEARNING CENTER IN MALANG CITY

In addition, some studies are different from those mentioned in the previous paragraphs, namely research by Justine Roy Balinado, Yogi Tri Prasetyo, Michael Naayat Young, Satria Fadil Persada, Bobby Ardiansyah Miraja, Anak Agung Ngurah Perwira Redi (2021). The research concludes that three of the five indicators of service quality, namely tangibles, responsiveness, and assurance, do not affect customer satisfaction.

There is also a research by Connie Sondakh (2014) regarding the brand image variable that has no significant effect on the satisfaction variable. Based on the results of the research exposure, there are gaps in the problem/research (research gap).

Based on several existing theories and facts, it is necessary to conduct an in-depth study of the effect that can create the formation of word of mouth through customer satisfaction media, in this case, students at the Learning Institution of Dipa Learning Center in Malang, to increase the growth of the number of students in the future. On this basis, the researcher is interested in conducting research through a thesis entitled: **"The Effect of Service Quality and Institutional Image on Word of Mouth with Customer Satisfaction as an Intervening Variable at the Learning Institution of Dipa Learning Center in Malang City."**

The problem formulation of the research is as follows:

1. "Is there any effect of service quality on customer satisfaction"?
2. "Is there any effect of institutional image on customer satisfaction"?
3. "Is there any effect of service quality on word of mouth"?
4. "Is there any effect of institutional image on word of mouth"?
5. "Is there any effect of customer satisfaction on word of mouth"?
6. "Does the service quality indirectly affect the word of mouth through customer satisfaction"?
7. "Does the institutional image indirectly affect the word of mouth through customer satisfaction"?

Empirical Studies

Service Quality
According to Kotler and Keller (2006), service quality is everything owned by a product or service that can meet needs and can provide satisfaction to customers. Kotler, et.al (2006), define service as a strategy made by the company because a company's product is not only in the form of goods but can also be in the form of service. Based on these definitions, service quality is the various efforts made by the company to fulfill the needs and expectations of customers.

Parasuraman, Zeithaml, and Berry (in Kotler et al., 2006) develop a service quality measurement tool called SERVQUAL (Service Quality) which can be used to understand the

expectations of consumers' perceptions of service quality and divide service quality into five dimensions (and this is will also be an indicator of service quality) as follows:

1. Reliability
   The company's ability to meet customer needs in terms of service quickly, precisely, and on time so that it will satisfy customers and very impressive.
2. Responsiveness
   Initiatives that arise from employees in the service industry to provide fast and responsive service to customers.
3. Assurance
   Employees' attitudes or traits that can create trust in customers, including being polite, knowledgeable, competent, and trustworthy, will help ensure that customers feel safe and comfortable with the services provided by the company.
4. Empathy
   The company pays attention to its customers by understanding their needs and providing convenience in communicating with the company.
5. Tangibles
   Physical evidence can take various forms, including the presence of competent employees, the availability of complete facilities, and the use of modern and sophisticated communication tools.

Institutional Image

According to Sopiah & Syihabudhin (in Prastowo, 2019), an image is a reflection or image in a person's mind that arises because of emotions and reactions to the environment.

Brand image is defined by Keller (in Setyowati and Wiyadi 2016), as assumptions or opinions about the brand in the minds of customers that must be maintained so that customers are loyal to the brand. Brand image is consumer beliefs about a brand of goods or services. Schiffman and Kanuk (in Setyowati and Wiyadi, 2016) argue that several factors form a brand image, namely:

1. The service quality provided by the service provider company is of utmost importance.
2. Trustworthy, the product is reliable and related to the assumptions of consumers who have consumed it.
3. Usability refers the usefulness of the goods or service that may be experienced by the customer.
4. Service is related to the things that must be done by the company in providing services to customers.
5. Risk, in connection with various matters that concern customers, service providers are always trying to find new and better ways to serve them.
6. Price is the relationship between the cost of the product and the amount of money that will be spent by consumers.
7. The image of the brand itself relates to the brand of the product itself.

THE EFFECT OF SERVICE QUALITY AND INSTITUTIONAL IMAGE ON WORD OF MOUTH WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT THE LEARNING INSTITUTION OF DIPA LEARNING CENTER IN MALANG CITY

According to Kotler and Armstrong (in Sondakh, 2014), measurement of a brand's image may be carried out using the following factors:

1. Strength
   Strength is the umbrella term for the multiple tangible benefits that the relevant brand possesses over competing ones. It is possible to think of this brand as having an advantage over other brands because of its benefits, which are connected to its physical attributes. The physical appearance of the product, the functionality of all product features, the product's pricing, and the visual appeal of the features that support the in-question product are all included in this strong group, without limitation.
2. Uniqueness
   The capacity to set one brand apart from others is known as uniqueness. This unique impression arises from product attributes, which create differences between one product and another. This unique group includes service, price difference, and differentiation.
3. Favorable
   Favorable is a brand's capacity to be quickly and easily recalled by consumers, which is crucial. The product brand's pronounceability ease, ability to stick in customers' thoughts, and consistency with the company's desired brand image all fall under the favorable category.

Customer satisfaction

According to Kotler (in Setyowati and Wiyadi, 2016) customer satisfuction is a state that someone experiences when what they experience matches their objectives. According to Tjiptono (in Setyowati and Wiyadi, 2016), there are several benefits of customer satisfaction, namely:

1. Establish a good relationship between the company and customers.
2. Can create customer loyalty.
3. Can be an effective advertising medium through word of mouth.

Lovelock and Wirtz (in Prastowo, 2019) define satisfaction as an emotional state after purchase, and post-purchase reactions can result in anger, dissatisfaction, irritation, neutrality, excitement, or pleasure.

Elliot and Shin (in Ratnasari, 2016) define consumer satisfaction as a student's subjective evaluation of various outcomes and experiences related to education. Student satisfaction is formed continuously from everyday life in the university environment.

According to Ratnasari (2019), for a customer-centric company, customer satisfaction is both a goal and a means of marketing. Dissatisfaction will lead to disappointment and anger and can encourage protests from consumers. Meanwhile, satisfaction will increase the company's profitability and create loyalty. The creation of customer quality will benefit the company by satisfying the wants and needs of buyers, resulting in increased loyalty and word of mouth recommendations. To the general public, will offer this service and hope to provide the best

benefits for the company. High satisfaction or feeling very happy from customers is associated with a strong emotional relationship with the brand or service provider company.

According to Lupiyoadi (in Sondakh, 2014), five main factors need to be considered concerning customer satisfaction, namely:

1. Product quality
   If the results of their evaluations reveal that the products they utilize are of great quality, customers will be satisfied.
2. Service quality
   Good service or meeting expectations will satisfy customers.
3. Emotional
   If someone utilizes a branded product and tends to have great satisfaction, customers will feel confident and proud that others will be surprised. The satisfaction obtained with a product is not based on its quality, but on the social value, it has for customers.
4. Price
   Customers will receive more value from products with the same quality but at a cheaper cost.
5. Cost
   Customers are typically delighted with a good or service when they do not need to pay extra or lose time in order to obtain it.

Kotler (in Ekawati, 2019) defines satisfaction as the intensity of a person's emotions following a performance or outcome comparison with goal. Indicators of customer satisfaction include:

1. Conformity of expectations.
   Expectations are the ideal desires and demands of consumers for services provided by service providers
2. Interested to visit again.
   Interest in becoming a loyal customer for the services received
3. Willingness to recommend.
   Willingness to spread the good news and provide recommendations by word of mouth to surrounding friends to use these services and benefit the institution

Word of Mouth

Hawkins et al. (in Prastowo, 2019) suggest that word of mouth (WOM) is an activity of disseminating information from one person to another in the oral conversation, such as face-to-face, over the phone, or digitally.

Kotler et al (2006) state that word of mouth (WOM) can be a very effective way for small businesses to connect with their customers. WOM has become a major force in business-to-consumer marketing and business-to-business marketing. In the end, positive word of mouth will be the most effective promotional tool for the company.

According to Ratnasari (2016), word of mouth is informal communication about products or services, in contrast to formal communication, because in informal communication the speaker tends to act as a more persuasive friend. A person's effect on word of mouth is very strong because the information from oral sources is relatively reliable and reliable, and it can reduce risk in purchasing decisions.

According to Rosiana (in Ratnasari, 2016), the dimensions of word of mouth consist:

1. Positive stories are the desire of consumers to share positive things about the products they consume with others.
2. Recommendations are the desire of consumers to provide recommendations to others who require details about high-quality goods.

Invitations are the willingness of consumers to invite others to use the products they have consumed.

Method

Independent variable (X) is a variable whose value determines another variable. An independent variable is one that influences or modifies how the dependent variable emerges. Independent variables that will be used are service quality and institutional image. Ideally, an intervening variable (Z) can change the direct link between the independent and dependent variables into an indirect one. Customer satisfaction is the independent variable in this study. A dependent variable (Y) is one that is impacted by or develops as a result of an independent variable. Word of mouth is the dependent variable in this study.

Figure 2 Research Concept Framework Sampling Method
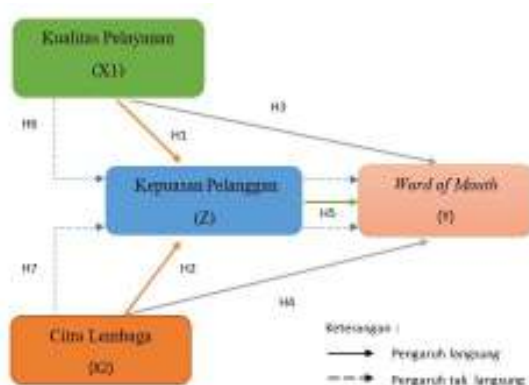
The population were the parents of Dipa Learning Center students until the latest data in March 2022, which was 291. In determining the number of samples, if you look at the amount of recapitulation data, it is too much to be used as respondents. Therefore, the sample in a population can use the Slovin formulation to determine the minimum sample. This research used a 90% confidence level, with an error rate of 10%. In this regard, the researcher can

determine the minimum sample limit that can meet the 10% margin of error requirement. The trick is to enter the margin of error into the Slovin formulation.

$$n \quad = \frac{291}{1+291x0.1^2}$$

n   = 74...1

In this research, purposive sampling was used, namely by giving boundaries to respondents who meet the criteria, namely parents of students studying at Dipa Learning Center as of March 2022.

Result

Data Processing Results

This research used the path method or path analysis using Smart PLS 3.3.9. The first step is to make a specification of the path research model as shown in Figure 3

Figure 3 Research Model Specification
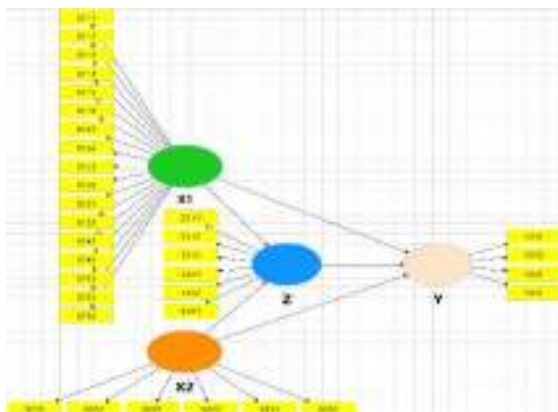
The inner and outer models are described in the model specification. The inner model demonstrates the relationships between the various constructs. The link between the indicators and the corresponding construct was assessed using the outer model. It is crucial to separate the locations of the constructs and the connections among them when building a path model like the one in Figure 3 It is decided if the constructions are exogenous or endogenous. Exogenous constructs (X1, X2 in Figure 3) behave as independent variables and do not have any arrows pointing at them, whereas endogenous constructs are characterized by other constructs (Z and Y in Figure 3). The endogenous construct can function as an independent variable when put between two constructs, despite frequently being regarded the dependent variable in a relationship (Z in Figure 3).

Outer Model (Measurement Model)

In this research, the indicator model is reflective. When assessing the outer reflective model, researchers must ensure the reliability and validity of the model are valid. The dependability of the construct's internal consistency is first tested using composite reliability and Cronbach's Alpha. Table 4.1 supports the conclusion that the construct of the outer model is trustworthy because Cronbach's Alpha is more than zero and composite reliability is greater than 0.6 (Hair et al., 2014).

Table 1 Reliability Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
X1	0,958	0,961	0,962	0,601
X2	0,914	0,923	0,934	0,702
Y_	0,927	0,940	0,949	0,822
Z	0,933	0,936	0,947	0,749

Testing the construct's validity is the next stage. Convergent and discriminant validity of a construct are key factors in determining validity. The degree to which a measure is positively linked with different measures of the same construct is known as convergent validity. A construct is declared convergently valid if the outer loading above 0.7 is tolerated up to 0.5 and AVE > 0.5 (Hair, et.al, 2014). And table 4.1 shows that this constructed model is valid because the AVE value is > 0.5. Determination of an AVE value of at least 0.50 or higher indicates that, on average, the construct explains more than half of the indicator variance. According to Hair et al. (2014), AVE is the same as a construct's commonality and is calculated as the average value of the squared loading of a group of indicators. Additionally, Figure 4.2 demonstrates that each indicator's outer loading value exceeds 0.5. (Hair, et.al, 2014). It follows that the construct of this model is convergently viable if the outer loading over 0.7 is accepted up to 0.5 and AVE > 0.5.

Table 2 Convergent Validity Test Results

FORNELL-LARCKER CRITERION				
	X1	X2	Y_	Z
X1	0,775			
X2	0,920	0,838		
Y_	0,810	0,828	0,907	
Z	0,897	0,907	0,849	0,865

PATH COEFFICIENTS				
	X1	X2	Y_	Z
X1			0,101	0,408
X2			0,267	0,532
Y_				
Z			0,517	

The cross-loading factor and Fornell-discriminant Larcker's validity test come next. The degree to which a construct deviates fully from other constructs according to empirical standards is known as discriminant validity. As a result, proving discriminant validity suggests that a construct is distinctive and covers phenomena that may not be covered by other constructs in the model. Table 4.2 shows that the discriminant validity test with Fornell-Larcker is valid, where the value of AVE^2 > correlation of exogenous to endogenous variables, what is seen is the value of the path coefficients (Path Coefficients) from X to Y, because the research method uses Path analysis. A construct and its related indicators share more variance than any other

construct, according to the Fornell-Larcker method's rationale. The discriminant validity test with cross-loading is the next step. If the cross-loading indicator's value on a given variable is higher than that of other variables, the indicator is said to have discriminant validity. The cross-loading value for each indication is as follows:

Table 3 Discriminant Validity Test Results

	X1	X2	Y_	Z
X111	0,746	0,691	0,550	0,627
X112	0,770	0,730	0,621	0,672
X113	0,597	0,531	0,468	0,486
X114	0,705	0,618	0,525	0,623
X115	0,793	0,734	0,656	0,715
X116	0,776	0,739	0,630	0,723
X121	0,809	0,695	0,638	0,678
X122	0,781	0,675	0,606	0,675
X123	0,795	0,661	0,588	0,659
X124	0,807	0,690	0,731	0,742
X131	0,808	0,748	0,666	0,706
X132	0,851	0,797	0,722	0,786
X141	0,831	0,754	0,551	0,739
X142	0,850	0,787	0,664	0,762
X143	0,553	0,612	0,514	0,503
X151	0,838	0,817	0,651	0,823
X152	0,798	0,776	0,788	0,791
X211	0,817	0,883	0,794	0,873
X212	0,832	0,873	0,739	0,817
X221	0,837	0,886	0,772	0,808
X222	0,613	0,709	0,623	0,624
X231	0,747	0,863	0,619	0,713
X232	0,752	0,800	0,577	0,686
Y211	0,795	0,802	0,945	0,834
Y212	0,819	0,839	0,929	0,824
Y221	0,713	0,706	0,925	0,764
Y231	0,582	0,634	0,824	0,635
Z111	0,766	0,745	0,670	0,885
Z112	0,687	0,753	0,737	0,855
Z113	0,724	0,724	0,594	0,844
Z121	0,812	0,781	0,768	0,893
Z122	0,822	0,814	0,766	0,820
Z131	0,828	0,871	0,838	0,892

Table 3 shows that the discriminant validity test with cross loading is valid. From the results of the Outer model test (Measurement Model) that has been used on both reliability and validity tests, it can be stated that this research model is reliable and valid.

Inner Model (Structural Model)

Therefore, the assessment criterion or the inner model test (structural model) is performed to ascertain the model's viability after the reliability and validity have been established. This is done by determining the size and importance of the path coefficient as well as the coefficient of determination (R^2 value).

The effect size f^2, predictive relevance (Q^2), and Goodness of Fit provide additional insight into the quality of path model estimates.

Figure 4 PLS Algorithm
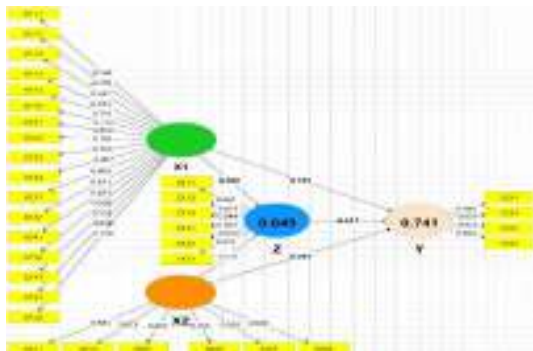
R Square (R^2) indicates how many percent of endogenous constructs are explained by exogenous constructs, based on the criteria (Chin, 1998 in Hair, et.al) namely 0.67 (strong), 0.33 (moderate), 0.19 (weak). In Figure 5.3 the results of the structural model show that customer satisfaction (Z) has the strongest effect on word of mouth (Y) of 0.517, followed by Institutional image (X2) which has a weak effect of 0.267, and service quality (X1) has a very weak effect of 0.101. In addition, the three constructs explained 74.1% of the variance of the endogenous word of mouth construct Y (R^2 = 0.741), as indicated by the value in the circle. X1 (service quality) and X2 (institutional image) also together explain 84.9% of the variance of Z (customer satisfaction).

Followed by the effect size (f^2) showing how strong the effect of exogenous constructs on endogenous constructs, based on the criteria (Hair, et.al, 2014) is 0.02 (weak effect); 0.15 (fair effect); 0.35 (strong effect).

Table 4 Effect Size (f^2)

	X1	X2	Y	Z
X1			0,005	0,169
X2			0,033	0,288
Y				
Z			0,156	

Table 4.4 shows how strong the effect of exogenous constructs on endogenous constructs. X1 (service quality) has a very weak effect (0.005) on Y (word of mouth) or it can be said to have no effect, but X1 (service quality) has quite an effect (0.169) on Z (customer satisfaction). X2 (institutional image) has a weak effect (0.033) on Y (word of mouth), but it has quite an effect (0.288) on Z (customer satisfaction). Meanwhile, Z (customer satisfaction) has a fair effect (0.156) on Y (word of mouth).

To test the feasibility of the model based on the Stone-Geisser Q Square test, the calculations are as follows:

Q^2 = 1 − (1 − R_1^2) (1 − R_2^2) ... (1 − R_n^2)..2

From the R square data table in table 4.5, the Q2 value is 0.961 (> 0), so the conclusion is that this model has predictive relevance.

For the feasibility test based on Goodness of Fit (GoF), based on the formula, =

$$GoF = \sqrt{AVE x R^2}$$ 3

Table 5 Goodness of Fit

	R Square	R Square Adjusted	AVE	R Square x AVE	GoF
Y	0,741	0,730	0,822	0,609	0,780
Z	0,849	0,844	0,749	0,636	0,797

The GoF value of the customer satisfaction variable (Z) is 0.79 > 0.38, and the word of mouth variable (Y) 0.78 > 0.38; then this model is said to be good or feasible.

Discussion

Hypothesis Testing (Bootstrapping)
For the hypothesis testing, it can be seen from the p-value data and t statistics (> 1.96; with = 0.05), shown in table 4.6, there are 2 significant direct effects, namely X1 (service quality) on Z (customer satisfaction), X2 (institutional image) to Z (customer satisfaction) and Z (customer satisfaction) to Y (word of mouth). Meanwhile, for X1 (service quality) on Y (word of mouth) and X2 (institutional image) on Y (word of mouth), the direct effect is not significant. Based on the description of the hypothesis then the proving is:

Hypothesis 1, It is expected that service quality (X1) affects customer satisfaction (Z)
Based on table 4.6 shows that there is a direct and significant effect between service quality (X1) on customer satisfaction (Z), it can be seen in the T statistic 2.935 > 1.96 (α = 0.05) and p-value of 0.003 indicated in green. These results are following the theory of Kotler and Keller (2006), service quality is everything that is owned by a product or service that can meet needs and can provide satisfaction to customers. This has similarities with the research by Erni Setyowati and Wiyadi (2016) showing that there is a positive and significant effect on the service quality variable on customer satisfaction. The higher the service quality, the higher the customer satisfaction. The same thing was also stated by Aprih Santoso, Sri Yuni Widowati, Zakky Fahma Auliya (2021); Abdiannur (2019).

Hypothesis 2, It is expected that the institutional image (X2) affects customer satisfaction (Z).
Based on table 4.6 shows that there is a direct and significant effect between the image of the institution (X2) on customer satisfaction (Z), it can be seen in the T statistic 4.031 > 1.96 (α = 0.05) and p-value 0.00006 indicated in green.

This result is following Lupiyoadi's theory (in Sondakh, 2014) which is one of the five main factors that need to be considered concerning customer satisfaction, namely emotional,

where customers will feel proud and have confidence that other people will be amazed if someone uses branded products and tends to have high satisfaction. The satisfaction obtained with a product is not based on its quality, but on the social value, it has for customers.

This has similarities with the research by Connie Chairunnisa (2018) which shows that there is a positive effect on the image variable of institution/brand/institute/company on customer satisfaction. Dian Lestari Ekawati (2019); Erni Setyowati and Wiyadi (2016) find the same thing, namely the higher the image of an institution/brand/institute/company, the higher the level of customer satisfaction.

Hypothesis 3, it is expected that service quality (X1) affects word of mouth (Y).
Based on table 4.6 shows that there is a direct and insignificant effect between service quality (X1) on word of mouth (Y), it can be seen in the T statistic 0.362 < 1.96 (α = 0.05) and the p-value 0.718 which is indicated by red.

These results have similarities with the research by Mustikaningrum Hidayati (2018) regarding customer satisfaction having a positive but not significant effect on word of mouth, besides that it was found that customer satisfaction did not mediate the effect of service quality on word of mouth. However, the results differ from the research by Sugeng Lubar Prastowo (2019), which shows that service quality has a positive and significant effect either partially or simultaneously on word of mouth. This difference can occur due to different target respondents, namely students (end users), the number of respondents (100 respondents), and also the research location (University in Jakarta).

Hypothesis 4, It is expected that the institutional image (X2) affects word of mouth (Y).
Based on table 4.6 shows that there is a direct and insignificant effect between the institutional image (X2) on word of mouth (Y), it can be seen in the T statistic of 0.953 < 1.96 (α = 0.05) and the p-value of 0.341 which is indicated by red.

The difference in results with previous research, namely by Heri Prabowo, Widji Astuti, and Harianto Respati (2020) shows that the image of the Institute has a positive and significant effect, both partially and simultaneously on word of mouth. This can be due to differences in the object of research (Airy hotel customers), the number of respondents (191), and the year of research (2019).

Hypothesis 5, it is expected that customer satisfaction (Z) affects word of mouth (Y).
Table 4.6 shows that there is a direct and significant effect between customer satisfaction (Z) on word of mouth (Y), it can be seen in the T statistic of 2.233 > 1.96 (α = 0.05) and the p-value of 0.026 which is indicated by the color green.

This is following the theory by Tjiptono (in Setyowati and Wiyadi, 2016) that there are several benefits of customer satisfaction, namely the establishment of a good relationship between

the company and the customer; can create customer loyalty; can be an effective advertising medium through word of mouth.

These results have similarities with previous research, namely by Ina Ratnasari (2016), it is stated that customer satisfaction has a positive and significant effect on word of mouth. This was also found in the research of Garnis Anggi Saktiani (2015).

Hypothesis 6, it is expected that service quality (X1) has an indirect effect on word of mouth (Y) through customer satisfaction (Z)
Based on table 4.7 shows that there is an indirect and insignificant effect between service quality (X1) on word of mouth (Y) through customer satisfaction (Z), it can be seen in the T statistic 1.898 < 1.96 (α = 0.05) and p-value 0.058 which is indicated in red. Because it is not significant, it can be concluded that customer satisfaction (Z) cannot mediate service quality (X1) to word of mouth (Y), so it is not proven that customer satisfaction (Z) is an intervening variable.

This finding is the same as previous research by Mustikaningrum Hidayati (2018) regarding customer satisfaction. Customer satisfaction does not mediate the effect of service quality on word of mouth. However, it is different from other previous studies, namely Egy Dharmawan and Imam Hidayat (2018) suggesting that there is a positive (indirect) effect of service quality variables on word of mouth through the mediation of customer satisfaction. This difference can occur because the object of research is different, namely the customers of the AHASS motorcycle repair shop in Sidoarjo, totaling 98 people.

Hypothesis 7, It is expected that the institutional image (X2) has an indirect effect on word of mouth (Y) through customer satisfaction (Z)

Based on table 4.7 shows that there is an indirect and insignificant effect between the institutional image (X2) on word of mouth (Y) through customer satisfaction (Z), it can be seen in the T statistic 1.728 < 1.96 (a = 0.05) and p-value 0.085 indicated in red. Because it is not significant, it can be concluded that customer satisfaction (Z) cannot mediate the institutional image (X2) on word of mouth (Y), so it is not proven that customer satisfaction (Z) is an intervening variable.

There are differences in the findings with previous researchers, namely Komang Melastri, I.G.A.K. Giantari (2019) suggests that there is a positive (indirect) effect of the institutional image variable on word of mouth through the mediation of customer satisfaction. Which can happen because of differences in the objects of previous research, namely adult EF Learning Institute students (end users) and taking a sample of 155 respondents.

Table 6 Direct Effect Hypothesis Testing Between Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1 → Y_	0,101	0,110	0,279	0,362	0,718
X1 → Z	0,408	0,391	0,139	2,935	0,003
X2 → Y_	0,267	0,272	0,280	0,953	0,341
X2 → Z	0,532	0,548	0,132	4,031	0,000
Z → Y_	0,517	0,507	0,231	2,233	0,026

Table 7 Indirect Effects Hypothesis Testing Between Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X2 → Z → Y_	0,275	0,284	0,159	1,728	0,085
X1 → Z → Y_	0,211	0,189	0,111	1,898	0,058

Figure 5 Bootstrapping
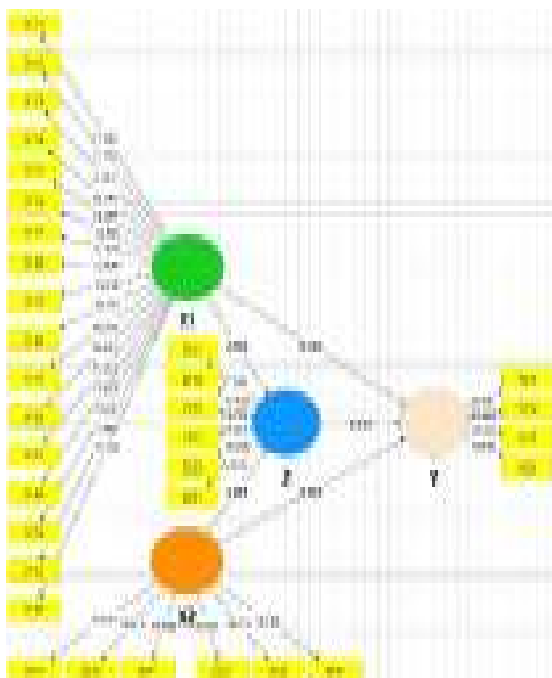
Conclusion

Based on the results of the discussion, the following conclusions can be drawn:

1. There is a direct and significant effect between service quality (X1) on customer satisfaction (Z), so the higher the service quality, the higher the customer satisfaction.
2. There is a direct and significant effect between the institutional image (X2) on customer satisfaction (Z), so the higher the institutional image, the higher the customer satisfaction.
3. There is a direct and insignificant effect between service quality (X1) on word of mouth (Y), so the level of service quality does not have a significant effect on word of mouth (Y).
4. There is a direct and insignificant effect between the institutional image (X2) on word of mouth (Y), so the high and low institutional image does not have a significant effect on word of mouth (Y).

5. There is a direct and significant effect between customer satisfaction (Z) on word of mouth (Y), therefore the higher the customer satisfaction obtained, the higher the word of mouth (Y) by customers.
6. There is an indirect and insignificant effect between service quality (X1) on word of mouth (Y) through customer satisfaction (Z). Because it is not significant, it can be concluded that customer satisfaction (Z) cannot mediate service quality (X1) on word of mouth (Y), so it is not proven that customer satisfaction (Z) is an intervening variable.
7. There is an indirect and insignificant effect between the institutional image (X2) on word of mouth (Y) through customer satisfaction (Z). Because it is not significant, it can be concluded that customer satisfaction (Z) cannot mediate the institutional image (X2) on word of mouth (Y), so it is not proven that customer satisfaction (Z) is an intervening variable.

Limitations

There are some limitations to this research. This research only focuses on using 5 dimensions/indicators of service quality (SERVQUAL), namely tangibles, reliability, responsiveness, assurance, and empathy. There are still several other service quality factors that can be considered for use in further research. In addition, try other dependent variables that can have a significant effect on word of mouth, apart from the service quality and the institutional image.

Suggestions

Institution Management of Dipa Learning Center

From the conclusions obtained, it is clear that the service quality and the institutional image have an effect and significant on customer satisfaction. And customer satisfaction also has a strong effect on word of mouth. So the advice that can be given to the management is to focus on strengthening the results or goals on customer satisfaction, namely by:

1. Improving service quality, focusing on 5 dimensions of SERVQUAL, namely reliability, responsiveness, empathy, assurance, and tangibles. One thing that needs to be considered again is that the cost of the course must be commensurate with what is received by the customer or following customer expectations to be improved because based on the results of the research, it was found that the outer loading value is lower compared to others.
2. Improving the institutional image, by increasing the number of activities that trigger brand awareness, either through online or other media.
3. Conducting regular reviews from student parents regarding the benefits of researching at the institution and also asking for feedback or input for upgrading to a better institution, can be done once a month when reporting results to parents.

Further research

There are limitations in this research both in terms of the number of samples and also the respondents' selection, so for further research, it is hoped that at the time of sampling more data can be obtained from respondents who have more than 1 year of experience because the average program offered by the Dipa Learning Center is for each the level is 4-6 months, and also add a suggestion or comment column on the questionnaire. And adding other dependent variables that can support word of mouth, as well as adding service quality indicators other than those that already exist to expand the findings of the research.

Reference

Abdiannur. 2021. "Kualitas Pelayanan Jasa Terhadap Kepuasan Peserta Didik Jogja Flight Education Center Balikpapan". *Jumal Geo Ekonomi*, 12(02): 140-151. https://doi.org/doi.org/10.36277/geoekonomihttp://jurnal.fem.uniba-bpn.ac.id/index.php/geoekonomi.

Anggraeni, M., Farida, N., & Listyorini, S. 2015. "Pengaruh Perceived Value dan Brand Image Terhadap Repurchase Intention Melalui Word Of Mouth Sebagai Variabel Intervening Smartphone Samsung Galaxy Series". *Diponegoro Journal of Social and Political of Science*.

Balinado, J. R., Prasetyo, Y. T., Young, M. N., Persada, et al. 2021. "The effect of service quality on customer satisfaction in automotive after-sales service". *Journal of Open Innovation: Technology, Market, and Complexity*, 7(2). https://doi.org/10.3390/joitmc7020116.

Chairunnisa, C. 2018. "The Effect of Brand Image And Quality Of Educational Services On Customer Satisfaction". *Jurnal Manajemen*, XXII(03): 325-339.

Dewi, K. M., Komang, I., & Ariana, A. (n.d.). Pengaruh Kualitas Layanan Dan Citra Perusahaan Terhadap Kepuasan Nasabah Pt Bank Bpd Bali Cabang Tohpati.

Dharmawan, E., & Hidayat, I. 2018. Pengaruh Kualitas Layanan Dan Brand Image Terhadap Word Of Mouth (Wom) Yang Dimediasi Kepuasan Konsumen. *Jurnal Ilmu Dan Riset Manajemen*.

Ekawati, D. L. 2019. Pengaruh Promosi, Kualitas Pelayanan Dan Citra Lembaga Terhadap Loyalitas Yang Dimediasi Oleh Kepuasan Siswa Pada Lembaga Kursus Bahasa Inggris Di Palembang. *Jurnal Adminika*, 5(2).

Garson, G. D. (n.d.). Partial Least Squares (PLS-SEM). Retrieved (www.statisticalassociates.com).

Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. 2014. "Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research". *In European Business Review,* 26(2): 106-121.

Hair Jr, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. n.d.. *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM).* 2nd ed.

Hidayati, M. 2018. "Kepuasan Mahasiswa Dalam Memediasi Pengaruh Kualitas Layanan Jasa Pendidikan Terhadap Komunikasi Word Of Mouth (WOM)". *Serat Acitya-Jumal Ilmiah UNTAG Semarang,* 7(2): 2302-2752.

THE EFFECT OF SERVICE QUALITY AND INSTITUTIONAL IMAGE ON WORD OF MOUTH WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT THE LEARNING INSTITUTION OF DIPA LEARNING CENTER IN MALANG CITY

Philip Kotler, K. L. 2006. *Marketing Management An Asian Perspective. ln K. L. Philip Kotler, Marketing Management An Asian Perspective*. New York: Pearson.

Melastri, K., & Giantari, I. G. A. K. 2019. "Effect of service quality, company image, and customer satisfaction in Word Of Mouth". *International Research Journal of Management, IT and Social Sciences*, 6(4): 127-134. https://doi.org/10.21744/irjmis.v6n4.666.

Prabandari, P. Y., & Widagda K, I. G. N. J. A. 2020. Pengaruh Brand Image Terhadap Word Of Mouth Yang Dimediasi Oleh Customer Satisfaction. *E-Jurnal Manajemen Universitas Udayana*, 9(8): 3301. https://doi.org/10.24843/EJMUNUD.2020.v09.i08.p20.

Ratnasari, I. 2016. "Pengaruh Kualitas Pelayanan Dan Citra Institusi Terhadap Kepuasan Mahasiswa Yang Berdampak Pada Word Of Mouth (Studi Kasus Pada Mahasiswa Universitas Singaperbangsa Karawang". *Value Joumal of Management and Business*, 1(1): 51-63.

Saktiani, G. A. 2015. Pengaruh Kualitas Layanan Dan Citra Perusahaan Terhadap Kepuasan Pelanggan Dan Word Of Mouth. *Jurnal llmu Sosial Dan Politik*, 4(2): 342-353.

Santoso, A., Yuni Widowati, S., & Fahma Auliya, Z. 2021. "The Role Of Student Satisfaction in The Roots Of Determining Word Of Mouth". *RELEVANCE: Joumal of Management and Bussines*, 4(1): 28-038.

Setyowati, E., & Wiyadi, D. 2016. "Pengaruh Kualitas Pelayanan, Harga, Dan Citra Merek Terhadap Loyalitas Pelanggan Dengan Kepuasan Pelanggan Sebagai Variabel Pemediasi". *Jumal Ekonomi Manajemen Sumber Daya*, 8(2): 102-112.

SIAGIAN, E. 2019. Pengaruh Pelayanan Akademik Yang Berkualitas Terhadap Kepuasan Sebagai Variabel Intervening Pada Mahasiswa Program Studi Magister Kesehatan Masyarakat Universitas Sari Mutiara Indonesia. *Jurnal Mutiara Manajemen*, 4(1).

Sondakh, C. 2014. "Kualitas Layanan, Citra Merek Dan Pengaruhnya Terhadap Kepuasan Nasabah Dan Loyalitas Nasabah Tabungan (Studi Pada Nasabah Taplus BNI Cabang Manado)". *Jurnal Riset Bisnis Dan Manajemen*, 3(1): 19-32.

STRENGTHENING BALI'S RESERVE ECONOMIC BASE: THE IDENTIFICATION MADE PRE AND DURING PANDEMIC

Nanang Syaifudin

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Indonesia

Syofriza Syofyan

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Indonesia

Lavlimatria Esya

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Indonesia

Osni Erza

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Indonesia

Email Correspondence: syofriza.syofyan@trisakti.ac.id

ABSTRACT

Bali is the province hardest strike by the Covid-19 pandemic. The drying up of tourist arrivals strike accommodation and transportation businesses. Until now, the government has not heard any special actions to restore that's Indonesian tourism icon. Therefore, in a decentralized system, understanding the economic characteristics of a region is important to increase economic productivity to make it more optimal. In this regard, this analysis aims to provide an overview of the economic characteristics in the province of Bali before the pandemic and during the pandemic and identify potential sectors that need to be developed. This study uses the Location Quotient, Shift-Share, Klassen Typology, and Overlay analysis methods from 2010 to 2021. From the results of the research, Bali Province before the pandemic had five leading sectors, but during the pandemic, Bali Province did not move only one base sector can become a mainstay, further innovation strategies are needed to stimulate Bali's economy to rise to the way it was before the pandemic. It takes the right policies from the Central and Regional Governments to make innovations and strategies so that the Bali economy returns to what it was before the pandemic.

KEYWORDS: Pandemic Economy, Base Sector, Bali Province Economy, Leading Sector, Economic Structure, Regional Economy, Economic Development

Introduction

After President Joko Widodo's official announcement about the entry of the corona virus, the government immediately responded with various policies, the bottom line: social restrictions. This is where the term work from home (WFH) has become popular. Along with that, community social activities slowed down. The level of demand for goods and services sluggish. Household consumption, which is the main support for the national economy, grew by minus 5.5 percent in the second quarter of 2020, if calculated on an annual basis (BPS, 2020). And then, to minus 2.6 percent over the past year, pressure on the level of demand made the production sector look like it was boneless, factories began to reduce production, the service sector lost customers, data from the Central Statistics Agency (BPS) noted, from 52 business sectors, the air transportation sector was the hardest hit with a minus 53 percent growth during 2020 (BPS, 2020).

Bali today. The island targeted by tourists has become the province hardest hit by the corona pandemic. The economy is shrinking, growing by minus 9.4 percent, the deepest among other provinces in Indonesia (Lokadata, 2021).

Figure 1. 5 Provinces Hardest Hit
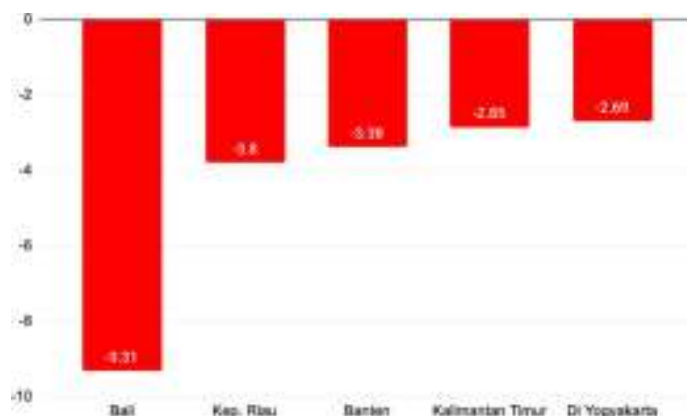
Bali became the hardest hit province, drying up tourist arrivals hit accommodation and transportation businesses. Until now, the government has not heard of any special steps to restore the Indonesian tourism icon, even though the Minister of Tourism and Creative Economy Sandiaga Uno has his office on the Island of the Gods (Lokadata, 2021). The 10 sectors hardest hit in Bali due to the pandemic. In 2020, BPS recorded a growth of minus 41.4 percent. The deepest decline in performance occurred in the air transport sector, as was the case at the national level. The business shrank, growing minus 49.8 percent (BPS, 2020).

Figure 2. 10 Bali's Most Beaten Business Sector
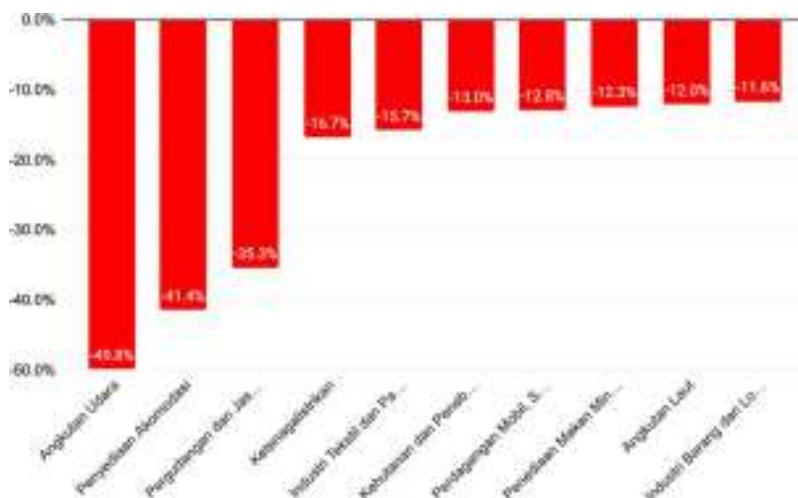
The crisis due to the pandemic this time is different from the 1998 economic crisis. 22 years ago, the crisis hit the business world (production side) due to the fall in the rupiah exchange rate. Meanwhile, during a pandemic, direct attacks suppress people's purchasing power, so that the level of demand weakens (Lokadata, 2021). In the second quarter of 2020, when the national economic growth shrank by 5.32 percent for the first time, household consumption contracted even deeper, which was 5.52 percent (BPS, 2020). In the next three months, July-September, the pressure on consumption deepened. During that period, there was a rate of decline in prices, aka deflation. The law of the market applies: the level of demand is low, prices are falling. In line with data from the Central Statistics Agency (BPS), the results of a Bank Indonesia survey also show a similar signal: the consumer confidence index has reached its lowest point, at least in the last five years (BPS, 2020).

Almost all business fields in Indonesia are contracted. Business fields that are still able to grow positively are agriculture, communication information, health services, and water supply. Of course, a province whose economy relies on business fields that are still growing positively can withstand the depths of economic contraction. As an archipelagic country separated by the sea, of course, the economic characteristics of each province are different. Therefore, each province must develop an economic recovery strategy based on the economic characteristics of the region. This study aims to analyze the characteristics of the basic business field and economic growth conditions in each province in Indonesia during the Covid-19 pandemic (Mohammad Ammar Alwandi and Siti Muchlisoh, 2020). Each province in Indonesia has characteristics between different regions with their respective resources and potentials. One of the provinces in Indonesia that has abundant resources is Bali Province. Bali is one of the islands in Indonesia that has its own charm with its natural beauty and all the cultural tourism it has (Suartana, 2018). According to Arismayanti (2017), this attraction causes the tourism sector to become a mainstay sector to achieve optimal economic growth. Arsana, Susilawati, & Jayanegara (2013) explained that the island of Bali is not only famous for its tourism

sector, but also for its agricultural sector, for example the *Subak System* which has become a world cultural heritage. Economic development is closely related to the economic base theory. This theory states that the main determinants of a region's economic growth are directly related to the demand for goods and services from outside the region or the magnitude of the increase in exports from the region (Muta'ali, 2015). This theory is used to identify development sectors that are included in the basic or non-base sectors in a region. Glasson (1997) in Muta'ali (2015) explains that the more basic sectors in a region, the more income flows to the region, thereby increasing demand for goods and services and causing an increase in the volume of the non-basic sector. According to Richardson (Tarigan, 2005) "an area or region must be able to make sectors interrelated and support each other by synergizing economic sectors. So that the growth of one sector can encourage the growth of other sectors. The sector referred to here is the basic and non-basic sectors. The theory of economic basis reveals that the rate of economic growth of a region is determined by the magnitude of the increase in exports from that region. Economic activities are grouped into basic activities and non-basic activities. Basic activities are all activities, both product producers and service providers, that bring in money from outside the region. Employment and income in the basic sector are functions of exogenous demand (not dependent on internal strength/local demand. While non-based activities are to meet local consumption needs, therefore demand for this sector is strongly influenced by the level of increase in local people's income". According to Rustiadi, et al (2011) "

The ability to spur the growth of a region or country is highly dependent on the superiority or competitiveness of the economic sectors in the region. Existing sectors include, potential sectors are sectors that have the potential to become the base sector in a region, further Rustiadi et al explained, the economic sector of a region can be divided into two groups, namely the basic sector where the advantages and disadvantages that occur in the process the fulfillment of these needs causes an inter-regional export and import mechanism, meaning that this basic sector will produce goods and services, both for the regional domestic market and for markets outside the region/region and the non-base sector is a sector with economic activity that only serves markets in the region. itself, and the regional export capacity has not yet developed." From the discussion above, it is interesting to re-analyze the basic sector in Bali which can become a reserve sector to prepare if this pandemic condition occurs again, Bali is ready with the reserve sector to determine policies as a step for economic recovery in Bali.

Problem Formulation

Based on the background and problems above, research questions will arise:

1. How is the influence of the basic sector on economic growth in Bali Province before and during the pandemic?

2. How is the influence of the non-basic sector on economic growth in Bali Province before and during the pandemic?
3. How is the influence of the basic sector and non-base sector on economic growth in the Province of Bali before and during the pandemic?
4. What is the economic policy of the Bali provincial government appropriate to support the basic and non-basic sectors for economic growth?

Research Purposes

The aims of this research are as follows:

1. To analyze the influence of the basic sector on economic growth in the Province of Bali before and during the pandemic.
2. To analyze the influence of the non-base sector on economic growth in the Province of Bali before and during the pandemic.
3. To analyze the influence of the basic sector and non-base sector on economic growth in Bali before and during the pandemic.

Method

Research Design

The data used in this study are total GRDP data based on constant prices 2010-2019 (before the pandemic) and 2020-2021 (during the pandemic) quarterly or quarterly in all sectors in Bali Province in 2010-2021. The type of research that will be used is in the form of quantitative and qualitative descriptive analysis. The analytical tools used to answer the existing research objectives use three analytical tools, namely:

Location Quotient (LQ) Analysis

The LQ method is used to identify the internal potential of an area, namely which sectors are the basic sector and the non-base sector by presenting a relative comparison between the capabilities of one sector between the investigated areas and the capabilities of the same sector in a wider area (Kartikaningdyah, 2013). The calculation of the LQ value is as follows.

Information :

- LQ_{ij} = Location Quotient index/coefficient of sector i in province j,
- X_{ij} = GRDP of sector i in province j,
- X_i = GRDP sector i in the province (reference),
- RV_j = Total GRDP in the province j, RV = Total National GRDP.

The measurement criteria for the resulting LQ value are as follows:

a. If LQ > 1 means that the level of specialization of sector I in Bali Province is greater than the same sector in Bali Province. And it can also be concluded that this sector is a basic sector and has the potential to be developed as an economic driver in the Province of Bali.

b. If LQ < 1, it means that the specialization level of sector I in Bali Province is smaller than

the same sector in Bali Province. And it can also be concluded that this sector is a non-basic sector and has no potential to be developed as an economic driver in the Province of Bali.

c. If LQ = 1, it means that the level of specialization of sector I in Bali Province is the same as the same sector in Bali Province.

Shift-Share (SS) Analysis

Shift-share analysis is a method used to see the development of a region's economic sector against other economic developments and the development of the economic sector when compared to other sectors relatively. The shift-share calculation method assumes that the economic growth or added value of a region (Dij) is influenced by three main components, namely regional share (Nij), sectoral growth (proportional shift), and regional competitiveness growth (differential shift). The calculation of shift share analysis is as follows.

Dij = Nij + Mij + Cij
Nij = Eij x rn
Mij = Eij (rin – rn)
Cij = Eij (rij – rin)

Information :

Dij = change in PDRB of i sector/sub-sector in the observed area (province)

Nij = change in PDRB of i sector/sub-sector in the observed area (province) caused by the influence of economic growth in the reference area (national)

Mij = change in i sector/sub-sector PDRB in the observed area (province) caused by the influence of i sector growth in the reference area (national)

Cij = change in PDRB of i sector/sub-sector in the observed area (province) caused by the comparative advantage of i sector in the observed area (province)

Klassen Typology

The principle of Klassen typology analysis is carried out to distinguish two types of grouping, namely the classification of the potential for regional economic development and the classification of economic sectors. The formulation of the Klassen typology of regional development potential is as follows (Muta'ali, 2015). Klassen typology is one of the regional economic analysis tools that can be used to determine the classification of economic sectors in the Bali Province. Klassen Typology Analysis is used with the aim of identifying the position of the economic sector of the Province of Bali by considering the national economic sector as a reference. This analysis is dynamic because it really depends on the development of development activities in the area concerned (Sjafrizal, 2008).

Tabel 1 Klassen Typology

Sectoral Contribution	Sectoral Growth	
	gi>=g	gi<g
si>=s	Advanced sector and fast growth sector	Advanced sector but squeezed
si<s	Potential sector or could be grow as fast sector	Relative missed sector

Source: Syafrizal (1997) in Muta'ali(2015)

Information :

gi = sector growth in the analysis area

g = growth in the reference area sector

si = contribution from the sector in the analysis area

s = contribution of the reference is sector

Result

Theoretical Basis

Theory of Regional Development and Development

The main objective of economic development efforts in addition to creating the highest growth, must also eliminate or reduce the level of poverty, income inequality and unemployment. Job opportunities for residents or the community will provide income to meet their daily needs (Todaro, 2000). The term development can be interpreted differently by one person to another, from one region to another, even from one country to another. Traditionally, development has meant a continuous increase in the Gross Domestic Product (GNP) or Gross Domestic Product (GDP) of a country. For regions, the traditional meaning of development is focused on increasing the Gross Regional Domestic Product (GRDP) of a province, district or city. This traditional definition of development is often associated with a strategy to change the structure of a country into an industrialized country. The contribution of the agricultural sector began to be replaced by the contribution of the industry. The modern development paradigm views a pattern that is different from traditional economic development. Some modern economists have begun to put forward the dethronement of GNP (decreased economic growth), alleviating the poverty line, reducing the increasingly unequal distribution of income, and decreasing the existing unemployment rate. Development must be seen as a multidimensional process (Mudrajat, 2003).

Regional economic development is a process that includes the formation of new institutions, development of alternative industries, improvement of the capacity of the existing workforce to produce good goods and services, identification of new markets, transfer of knowledge and development of new markets (Arsyad, 1999). Kuncoro (2000) further explained that regional development should pay more attention to the advantages and special characteristics of a region. Development must also be able to increase per income capita of the population and

will increase the attractiveness of the region to attract new investors to invest in the region, which in turn will encourage higher economic activity.

Regional Economic Development

Economic growth is an important element in the regional development process which is still the main target in development plans in addition to social development. Economic growth is a process in which there is an increase in real gross national product or real national income. So the economy is said to be growing or developing if there is real output growth. Another definition of economic growth is that economic growth occurs when there is an increase in output per capita. Economic growth describes an increase in the standard of living measured by real output per person. An economy is said to be experiencing growth or development if the level of economic activity increases or is higher than the previous year. In other words, development will only occur if the number of physical goods and services produced by the economy increases in the following years. An indicator of the success of a region's economic development can be shown by economic growth. Economic growth is the growth of people's income as a reflection of the increase in all value added created in an area.

Todaro (2008:16), defines economic development as a multidimensional process, which involves major changes, either to changes in economic structure, social changes, reducing or eliminating poverty, reducing inequality, and unemployment in the context of economic growth. Regional economic growth theory analyzes a region as an open economic system that is related to other regions through the flow of production factors and commodity exchange. Development in one region will affect the growth of other regions in the form of sector demand for other regions which will encouraging the development of that region or an economic development of another region will reduce the level of economic activity in a region and its interrelationships. Economic growth can be assessed as the impact of government policies, especially in the economic sector. Economic growth is a growth rate formed from various kinds of economic sectors which indirectly describes the rate of growth that occurs and as an important indicator for regions to evaluate the success of development (Sirojuzilam, 2008: 18).

Leading Sector Development as a Regional Development Strategy

According to Arsyad (1999: 108) the main problem in regional development lies in the emphasis on development policies based on the peculiarities of the region concerned (endogenous development) by using the potential of human resources. This orientation leads to taking initiatives originating from the area in the development process to create new job opportunities and stimulate economic growth. Prior to the implementation of regional autonomy, regional economic inequality in Indonesia was because the central government controlled and controlled most of the regional revenues which were designated as state revenues, including revenues from natural resources from the mining, plantation, forestry, and fisheries/marine sectors. As a result, areas rich in natural resources cannot enjoy the

benefits properly.

According to classical economic thinking, economic development in areas rich in natural resources will be more advanced and the people more prosperous than in areas with poor natural resources. To a certain extent, this assumption can still be justified, in the sense that natural resources must be seen as initial capital for development which must be further developed. And for this, other factors are needed, of which the most important are technology and human resources (Tambunan, 2001:198). Differences in the level of development based on the potential of a region, have an impact on sectoral differences in the formation of Gross Regional Domestic Product (GRDP). Hypothetically it can be formulated that the greater the potential role of the economic sector that has added value on the formation or growth of GRDP in an area, the higher the GRDP growth rate of the area. Based on the experience of developed countries, rapid growth in the history of a nation's development usually begins with the development of several primary sectors. This rapid growth created a snowball effect on other sectors, particularly the secondary sector.

Discussion

Location Quotient (LQ) Analysis

Location Quotient (LQ) analysis is used to determine the economic sectors in GRDP which can be classified into basic and non-basic sectors. Location Quotient (LQ) is a comparison of the magnitude of the role of the sector in Bali Province against the role at the National level, by dividing the calculation before the pandemic and during the pandemic. Table 3.1 presents the results of data processing from the calculation of Location Quotient (LQ) before the pandemic and during the pandemic.

STRENGTHENING BALI'S RESERVE ECONOMIC BASE: THE IDENTIFICATION MADE PRE AND DURING PANDEMIC

Table 2. (Results of Calculation of Location Quotient of Bali Province, 2010-2019 and 2020-2021)

Business Fields (17 Categories/Sectors)	Before Pandemic 2010-2019 LQ Average	During Pandemic 2020-2021 Average LQ
A. Agriculture, Forestry, and Fisheries	1.1	1.1
B. Mining and Quarry	0.1	0.1
C. Processing Industry	0.3	0.3
D. Electricity and Gas Procurement	0.2	0.2
E. Water Supply, Waste Management, Waste and Recycling	2.7	2.5
F. Construction	1.0	1.1
G. Wholesale and Retail Trade; Car and Motorcycle Repair	0.6	0.7
H. Transportation and Warehousing	1.9	1.4
I. Provision of Accommodation and Drinks	6.4	5.4
J. Information and Communication	1.4	1.3
K. Financial Services and Insurance	1.1	1.0
L. Real Estate	1.6	1.6
M N. Company Services	0.7	0.6
O. Government Administration, Defense and Mandatory Social Security	1.6	1.8
P. Education Services	1.6	1.8
Q. Health Services and Social Activities	2.0	2.0
R, S, T, U. Other services	1.0	0.9

From the calculation of Location Quotient Table 3.1 in Bali Province from 2010 – 2019 (before the pandemic) on a quarterly basis before the pandemic, namely; (1). Provision of Accommodation and Food and Drink, Water Supply, (2). Waste Management, Waste and Recycling, (3). Health Services and Social Activities, (4). Transportation and Warehousing, (5). Education Services, (6). Government Administration, Defense and Mandatory Social Security, (7). Real Estate, (8). Information and Communication, (9). Agriculture, Forestry, and Fisheries, (10). Financial Services and Insurance.

While the base sector during the pandemic from 2020-2021 in the Province of Bali, namely; (1). Provision of Accommodation and Food and Drink, (2). Water Supply, Waste Management, Waste and Recycling, (3). Health Services and Social Activities, (4). Education Services, (5). Government Administration, Defense and Mandatory Social Security, (6). Real Estate, (7). Transportation and Warehousing, (8). Information and Communication, (9). Agriculture, Forestry, and Fisheries, (10). Construction.

From the calculation of Location Quotient table 3.1, there are nine basic sectors in Bali Province that have remained the base sectors both before the pandemic and during the

pandemic, namely; (1). Provision of Accommodation and Food and Drink, (2) Water Supply, Waste Management, Waste and Recycling, (3) Health Services and Social Activities, (4) Transportation and Warehousing, (5) Educational Services, (6) Government Administration, Defense and Mandatory Social Security, (7) Real Estate, (8) Information and Communication, (9) Agriculture, Forestry, and Fisheries. The basic sectors that did not survive the pandemic were; Financial Services and Insurance LQ index during the pandemic 0.99.The leading base sectors in Bali before and during the first pandemic were; Provision of Accommodation and Food and Drink, before the pandemic the LQ index was 6.39, while during the pandemic the LQ index was 5.43 the calculation used quarterly data for 2010-2019, both Water Supply, Waste Management, Waste and Recycling before the pandemic LQ index 2.68 while during the pandemic the LQ index was 2.45, the three sectors of Health Services and Social Activities before the pandemic the LQ index was 1.99 and during the pandemic the LQ index was 2.45.

Shift-Share(SS) Analysis

Shift-share analysis is a method used to see the development of a region's economic sector against other economic developments and the development of the economic sector when compared to other sectors relatively. Shift Share analysis in this study uses the income variable, namely GRDP to describe the economic growth of Bali Province before the pandemic (2010-2019) and during the pandemic (2010-2020).

Table 3 (Results of Shift-Share Calculation of Bali Province, 2010-2019/Before the Pandemic)

Business Fields (17 Categories/Sectors)	Before Pandemic (2010-2019)			
	NIJ	MIJ	CIJ	DIJ
A. Agriculture, Forestry, and Fisheries	9,185.80	3,826.42	-1,329.76	11,682.46
B. Mining and Quarry	647.24	79.38	150.75	877.38
C. Processing Industry	3,746.16	1,891.72	487.90	6,125.78
D. Electricity and Gas Procurement	109.65	58.77	43.57	212.00
E. Water Supply, Waste Management, Waste and Recycling	136.59	73.72	-30.29	180.02
F. Construction	4,749.67	3,648.17	1,625.62	10,023.45
G. Wholesale and Retail Trade; Car and Motorcycle Repair	4,653.73	2,600.76	2,612.51	9,867.00
H. Transportation and Warehousing	3,958.91	3,513.72	-1,211.41	6,261.23
I. Provision of Accommodation and Drinks	10,230.53	6,795.01	3,077.28	20,102.82
J. Information and Communication	3,356.13	4,371.17	-1,880.22	5,847.08
K. Financial Services and Insurance	2,102.20	1,783.32	-47.32	3,838.20
L. Real Estate	2,597.45	1,555.32	193.09	4,345.86
M N. Company Services	605.52	659.09	-405.03	859.57
O. Government Administration, Defense and Mandatory Social Security	2,971.73	1,211.92	1,626.19	5,809.84
P. Education Services	2,557.73	1,773.96	1,413.06	5,744.75
Q. Health Services and Social Activities	1,061.71	975.94	361.00	2,398.65
R, S, T, U. Other services	841.83	865.89	-257.72	1,450.00

STRENGTHENING BALI'S RESERVE ECONOMIC BASE: THE IDENTIFICATION MADE PRE AND DURING PANDEMIC

DIJ : Describing the shift in value

CIJ : If negative has no competitive advantage, if positive has a competitive advantage

MIJ : Proportional growth if the positive value of the sector's growth is relatively fast, if negative it is relatively slow

Table 4 (Results of Shift-Share Calculation of Bali Province, 2010-2020/During the Pandemic)

Business Fields (17 Categories/Sectors)	During Pandemic (2010-2020)			
	NIJ	MIJ	CIJ	DIJ
A. Agriculture, Forestry, and Fisheries	-21,238.67	2,220.87	-2,582.20	-21,600.00
B. Mining and Quarry	-1,362.23	606.71	137.76	-617.76
C. Processing Industry	-9,661.66	822.17	110.01	-8,729.48
D. Electricity and Gas Procurement	-282.26	12.98	-7.87	-277.15
E. Water Supply, Waste Management, Waste and Recycling	-335.65	-23.44	-70.85	-429.94
F. Construction	-15,930.53	-2,621.89	3,250.59	-15,301.82
G. Wholesale and Retail Trade; Car and Motorcycle Repair	-14,256.64	642.54	3,533.53	-10,080.57
H. Transportation and Warehousing	-8,103.22	-467.16	-3,526.54	-12,096.92
I. Provision of Accommodation and Drinks	-23,850.26	1,235.69	-3,897.15	-26,511.72
J. Information and Communication	-12,374.50	-12,377.30	-5,462.34	-30,214.14
K. Financial Services and Insurance	-6,456.13	-2,339.84	-1,001.86	-9,797.84
L. Real Estate	-7,504.04	-675.16	99.56	-8,079.64
M N. Company Services	-1,736.08	-744.71	-586.48	-3,067.27
O. Government Administration, Defense and Mandatory Social Security	-8,901.44	1,232.80	2,692.15	-4,976.48
P. Education Services	-8,948.36	-1,719.55	2,317.95	-8,349.96
Q. Health Services and Social Activities	-4,041.72	-2,408.51	127.17	-6,323.05
R, S, T, U. Other services	-2,557.14	-1,021.80	-540.16	-4,119.10

DIJ : Describing the shift in value

CIJ : If negative has no competitive advantage, if positive has a competitive advantage

MIJ : Proportional growth if the positive value of the sector's growth is relatively fast, if negative it is relatively slow

From the shift-share analysis before the pandemic (2010-2019) Table 3.2 in the Bali Province sectors that are competitive and have a good growth rate, namely; (1) Provision of Accommodation and Food and Drink, (2) Wholesale and Retail Trade; Car and Motorcycle Repair, (3) Government Administration, Defense and Mandatory Social Security, (4) Construction, (5) Educational Services, (6) Manufacturing Industry, (7) Health Services and Social Activities, (8) Real Estate, (9) Mining and Quarrying, (10) Procurement of Electricity and Gas.

While it is competitive and has a good growth rate during the pandemic (2010-2020) table 3.3 of these sectors are; (1) Wholesale and Retail Trade; Repair of Cars and Motorcycles, (2) Government Administration, Defense and Mandatory Social Security, (3) Mining and Quarrying, (4) Manufacturing Industry.

Table 5 (PDRB Contribution by Business Sector in Bali Province, 2019 and 2020)

Business Fields (17 Categories/Sectors)	Before the Pandemic 2019 Contribution (%)	During the Pandemic Contribution 2020 (%)
A. Agriculture, Forestry, and Fisheries	13.2%	14.4%
B. Mining and Quarry	0.9%	0.9%
C. Processing Industry	6.4%	6.5%
D. Electricity and Gas Procurement	0.2%	0.2%
E. Water Supply, Waste Management, Waste and Recycling	0.2%	0.2%
F. Construction	10.0%	10.8%
G. Wholesale and Retail Trade; Car and Motorcycle Repair	9.4%	9.7%
H. Transportation and Warehousing	7.3%	5.5%
I. Provision of Accommodation and Drinks	20.2%	16.2%
J. Information and Communication	7.2%	8.4%
K. Financial Services and Insurance	4.2%	4.4%
L. Real Estate	4.6%	5.1%
M N. Company Services	1.1%	1.2%
O. Government Administration, Defense and Mandatory Social Security	5.5%	6.0%
P. Education Services	5.5%	6.1%
Q. Health Services and Social Activities	2.4%	2.7%
R, S, T, U. Other services	1.7%	1.7%

From the calculation of the GRDP contribution of the business sector, the five business sectors with the highest contribution both before the pandemic and during the pandemic, namely; (1) Provision of Accommodation and Food and Drink, (2) Agriculture, Forestry, and Fisheries, (3) Construction, (4) Wholesale and Retail Trade; Car and Motorcycle Repair, (5) Information and Communication. If founded with processed data shift-share sectors most likely to contribute to the economy of the Province of Bali are the wholesale and retail trade sector; Car and Motorcycle Repair.

Klassen Typology

The principle of Klassen Typology analysis is carried out to distinguish two types of grouping, namely the classification of the potential for regional economic development and the classification of economic sectors. Table 3.5 presents the results of processing Klassen Typology before the pandemic (years 2010-2019), while table 3.6 presents the results of processing Klassen Typology during the pandemic (years 2020-2021).

Table 6 (Results of Classification of Bali Province Typology, 2010-2019/Before the Pandemic)

Business Sector	National Average growth	Average contribution	Bali Average growth	Average contribution	Information	Quadrant

A. Agriculture, Forestry, and Fisheries	3.9 %	13.50%	96.9 %	14.82%	Advance and Grow Fast	1
B. Mining and Quarry	1.3 %	9.21%	97.7%	1.15%	Potential or still growing rapidly	3
C. Processing Industry	4.65%	22.22%	95.11%	6.60%	Potential or still growing rapidly	3
D. Electricity and Gas Procurement	4.93%	1.09%	94.03%	0.22%	Potential or still growing rapidly	3
E. Water Supply, Waste Management, Waste and Recycling	4.93%	0.08%	96.28%	0.23%	Potential or still growing rapidly	3
F. Construction	6.54%	9.99%	92.89%	9.52%	Potential or still growing rapidly	3
G. Wholesale and Retail Trade; Car and Motorcycle Repair	5.08%	13.92%	93.35%	8.91%	Potential or still growing rapidly	3
H. Transportation and Warehousing	7.32%	4.01%	94.21%	7.40%	Advance and Grow Fast	1
I. Provision of Accommodation and Drinks	5.83%	3.08%	93.49%	19.68%		1
J. Information and Communication	9.73%	4.71%	92.68%	6.67%	Advance and Grow Fast	1
K. Financial Services and Insurance	7.12%	3.93%	93.55%	4.12%	Advance and Grow Fast	1
L. Real Estate	5.38%	3.03%	94.66%	4.73%	Advance and Grow Fast	1
M N. Company Services	8.53%	1.69%	94.26%	1.10%	Advance and Grow Fast	3
O. Government Administration, Defense and Mandatory Social Security	3.94%	3.62%	94.53%	5.90%	Potential or still growing rapidly	1
P. Education Services	6.09%	3.15%	92.57%	5.19%		1
Q. Health Services and Social Activities	7.53%	1.10%	92.06%	2.19%	Advance and Grow Fast	1
R, S, T, U. Other services	8.18%	1.67%	93.39%	1.58%	Advance and Grow Fast	3

From the calculation of the class typology before the pandemic (2010-2019) table 3.5 there are nine sectors with advanced status and growing rapidly, namely; (1) Agriculture, Forestry, and Fisheries, (2) Transportation and Warehousing, (3) Provision of Accommodation and Food

and Drink, (4) Information and Communication, (5) Financial and Insurance Services, (6) Real Estate, (7) Government Administration, Defense and Mandatory Social Security, (8) Education Services, (9) Health Services and Social Activities.

Table 7. (Class Typology of the Bali Province GRDP Sector, 2010-2019/Before the Pandemic)

Quadrant I (Gi >= G and Si > S)	Quadrant II (Gi >= G and Si < S)
A. Agriculture, Forestry, and Fisheries	
H. Transportation and Warehousing	
I. Provision of Accommodation and Drinks	
J. Information and Communication	
K. Financial Services and Insurance	
L. Real Estate	
O. Government Administration, Defense and Mandatory Social Security	
P. Education Services	
Q. Health Services and Social Activities	
Quadrant III (Gi =< G and Si > S)	**Quadrant VI (Gi =< G and Si < S)**
B. Mining and Quarry	
C. Processing Industry	
D. Electricity and Gas Procurement	
E. Water Supply, Waste Management, Waste and Recycling	
F. Construction	
G. Wholesale and Retail Trade; Car and Motorcycle Repair	
M N. Company Services	
R, S, T, U. Other services	

Table 8 (Results of the Calculation of the Klassen Typology of Bali Province, 2020-2021/During the Pandemic)

Business Sector	National		Bali		Information	Quadrant
	Average growth	Average contribution	Average growth	Average contribution		
A. Agriculture, Forestry, and Fisheries	1.72%	13.28%	100.61%	14.57%	Advance and Grow Fast	1
B. Mining and Quarry	0.46%	7.67%	104.09%	0.93%	Potential or still growing rapidly	3
C. Processing Industry	-0.39%	21.49%	105.68%	6.53%	Advance and Grow Fast	1
D. Electricity and Gas Procurement	0.80%	1.06%	117.39%	0.19%	Potential or still growing rapidly	3
E. Water Supply, Waste Management, Waste and Recycling	5.08%	0.09%	103.41%	0.23%		1
F. Construction	-0.74%	10.40%	101.81%	10.92%	Advance and Grow Fast	1
G. Wholesale and Retail Trade; Car and Motorcycle Repair	-0.19%	13.58%	105.55%	9.71%	Advance and Grow Fast	3
H. Transportation and Warehousing	-6.91%	3.99%	139.71%	5.15%	Potential or still growing rapidly	1
I. Provision of Accommodation and Drinks	-3.79%	2.99%	128.19%	15.66%	Advance and Grow Fast	1
J. Information and Communication	9.06%	6.11%	95.44%	8.60%		1
K. Financial Services and Insurance	3.25%	4.34%	104.48%	4.39%	Advance and Grow Fast	3
L. Real Estate	2.36%	3.09%	99.80%	5.16%	Advance and Grow Fast	3
M N. Company Services	-2.58%	1.91%	104.23%	1.17%	Potential or still can	3
O. Government Administration, Defense and Mandatory Social Security	-0.43%	3.46%	101.14%	6.11%	growing rapidly	1
P. Education Services	1.54%	3.29%	100.73%	6.11%	Potential or still growing rapidly	1
Q. Health Services and Social Activities	10.72%	1.33%	96.24%	2.84%	Potential or still growing rapidly	1
R, S, T, U. Other servis	-1.34%	1.91%	105.16%	1.74%		3

While the calculation of the Klassen typology at the time of spread (2020-2021) table 3.6 there are ten sectors with advanced status and growing rapidly, namely; (1) Agriculture, Forestry, and Fisheries, (2) Processing Industry, (3) Water Supply, Waste Management, Waste and Recycling, (4) Construction, (5) Transportation and Warehousing, (6) Provision of Accommodation and Food and Drink , (7) Information and Communication, (8) Government Administration, Defense and Mandatory Social Security, (9) Education Services, (10) Health Services and Social Activities.

Table 9 (Class Typology of the Bali Province PDRB Sector, 2020-2021/During a Pandemic)

Quadrant I (Gi >= G and Si > S)	Quadrant II (Gi >= G and Si < S)
A. Agriculture, Forestry, and Fisheries C. Processing Industry E. Water Supply, Waste Management, Waste and Recycling F. Construction H. Transportation and Warehousing I. Provision of Accommodation and Drinks J. Information and Communication O. Government Administration, Defense and Mandatory Social Security P. Education Services Q. Health Services and Social Activities	
Quadrant III (Gi =< G and Si > S)	**Quadrant VI (Gi =< G and Si < S)**
B. Mining and Quarry D. Electricity and Gas Procurement G. Wholesale and Retail Trade; Car and Motorcycle Repair K. Financial Services and Insurance L. Real Estate M N. Services Company R, S, T, U. Other services	

Leading Sector of Bali Province

To see the leading sectors before the pandemic and during the pandemic by referring to the three analytical tools that have been carried out, namely the results of the calculation of LQ, Shift Share and Klassen Typology, it is necessary to overlay the three analyzes. The coefficients of the three components must be equated, namely by labeling positive (+) and negative (-), positive LQ means that the value is more than 1 and negative is less than 1, while the Shift-Share is positive meaning that it is proportional and the differential shift is both positive and negative if one of the two is negative, and for Klassen typology is positive if the sector is in quadrant 1 and negative if it is not quadrant 1.

Table 10 (LQ Data Overlay, Shift Share and Klassen Typology, Before and During the Pandemic)

Business Sector	Before Pandemic			During Pandemic		
	LQ	Shift-Share	Klassen Typology	LQ	Shift-Share	Klassens Typology
A. Agriculture, Forestry, and Fisheries	+	-	+	+	-	+
B. Mining and Quarry	-	+	-	-	+	-
C. Processing Industry	-	+	-	-	+	+
D. Electricity and Gas Procurement	-	+	-	-	-	-
E. Water Supply, Waste Management, Waste and Recycling	+	-	-	+	-	+
F. Construction	-	+	-	+	-	+
G. Wholesale and Retail Trade; Car and Motorcycle Repair	-	+	-	-	+	-
H. Transportation and Warehousing	+	-	+	+	-	+
I. Provision of Accommodation and Drinks	+	+	+	+	-	+
J. Information and Communication	+	-	+	+	-	+
K. Financial Services and Insurance	+	-	+	-	-	-
L. Real Estate	+	+	+	+	-	-
M N. Company Services	-	-	-	-	-	-
O. Government Administration, Defense and Mandatory Social Security	+	+	+	+	+	+
P. Education Services	+	+	+	+	-	+
Q. Health Services and Social Activities	+	+	+	+	-	+
R, S, T, U. Other services	-	-	-	-	-	-

From the data overlay of LQ, Shift-Share, and Klassen Typology before the pandemic and during the pandemic in Bali Province (table 3.9) it was found that the basic sector, the sector that developed and grew rapidly and the special sector grew faster than the national level.

Prior to the pandemic, Bali Province had five leading base sectors, namely; (1) Provision of Accommodation and Food and Drink, (2) Real Estate, (3) Government Administration, Defense and Mandatory Social Security, (4) Educational Services, (5) Health Services and Social Activities.

Meanwhile, during the pandemic, Bali Province only had one leading base sector, namely; Government Administration, Defense and Mandatory Social Security.

Conclusion

From the above calculations and analysis of the economy in the Province of Bali with the sector forming the Gross Regional Domestic Product (GRDP) there are several conclusions :

The results of the Location Quotient (LQ) analysis in Bali Province before the pandemic contained ten basic sectors, namely; (1). Provision of Accommodation and Food and Drink, Water Supply, (2). Waste Management, Waste and Recycling, (3). Health Services and Social Activities, (4). Transportation and Warehousing, (5). Education Services, (6). Government

Administration, Defense and Mandatory Social Security, (7). Real Estate, (8). Information and Communication, (9). Agriculture, Forestry, and Fisheries, (10). Financial Services and Insurance. During the pandemic there are also ten basic sectors, namely; (1). Provision of Accommodation and Food and Drink, (2). Water Supply, Waste Management, Waste and Recycling, (3). Health Services and Social Activities, (4). Education Services, (5). Government Administration, Defense and Mandatory Social Security, (6). Real Estate, (7). Transportation and Warehousing, (8). Information and Communication, (9). Agriculture, Forestry, and Fisheries, (10). Construction. Meanwhile, there are three basic sectors with the highest Location Quotient (LQ) index before the pandemic and during the pandemic, namely; **(1) Provision of Accommodation and Food and Drink, (2) Water Supply, Waste Management, Waste and Recycling, (3) Health Services and Social Activities.**

The results of the Shift-Share analysis in Bali Province before the pandemic contained ten competitive sectors with good growth rates, namely; (1) Provision of Accommodation and Food and Drink, (2) Wholesale and Retail Trade; Car and Motorcycle Repair, (3) Government Administration, Defense and Mandatory Social Security, (4) Construction, (5) Educational Services, (6) Manufacturing Industry, (7) Health Services and Social Activities, (8) Real Estate, (9) Mining and Quarrying , (10) Electricity and Gas Procurement. During the pandemic there were four competitive sectors with good growth rates, namely; (1) Wholesale and Retail Trade; Repair of Cars and Motorcycles, (2) Government Administration, Defense and Mandatory Social Security, (3) Mining and Quarrying, (4) Manufacturing Industry. While the competitive sector at a rate of good growth in the pre-pandemic period and during the pandemic there were four sectors, namely; **(1) Wholesale and Retail Trade; Car and Motorcycle Repair, (2) Government Administration, Defense and Mandatory Social Security, (3) Mining and Quarrying, (4) Processing Industry**.

The results of the Klassen Typology analysis in the Province of Bali before the sector pandemic with the status of Quadrant I (advanced and fast growing) contained nine sectors, namely; (1) Agriculture, Forestry, and Fisheries, (2) Transportation and Warehousing, (3) Provision of Accommodation and Food and Drink, (4) Information and Communication, (5) Financial and Insurance Services, (6) Real Estate, (7) Government Administration, Defense and Mandatory Social Security, (8) Education Services, (9) Health Services and Social Activities.During a sector pandemic with Quadrant I status (advanced and growing fast) there were ten sectors, namely; (1) Agriculture, Forestry, and Fisheries, (2) Processing Industry, (3) Water Supply, Waste Management, Waste and Recycling, (4) Construction, (5) Transportation and Warehousing, (6) Provision of Accommodation and Food and Drink , (7) Information and Communication, (8) Government Administration, Defense and Mandatory Social Security, (9) Education Services, (10) Health Services and Social Activities. Meanwhile, from the analysis of Klessen's typology, there are seven sectors that are progressing and growing fast, namely; (1) Agriculture, Forestry, and Fisheries, (2) Transportation and Warehousing, (3) Provision of Accommodation and Food and Drink, (4) Information and Communication, (5) Government Administration,

Defense and Mandatory Social Security, (6) Educational Services , (7) Health Services and Social Activities.From the processed data using Location Quotient (LQ), Shift-Share, and Klessen Typology analysis overlays and overlaying the period before the pandemic and during the pandemic in Bali Province, there was only one sector, namely; **Government Administration, Defense and Mandatory Social Security**. Meanwhile, from the results of the overlay analysis of Location Quotient (LQ), Shift-Share, and Klessen Typology before the pandemic, there are five basic sectors, namely; **(1) Provision of Accommodation and Food and Drink, (2) Real Estate, (3) Government Administration, Defense and Mandatory Social Security, (4) Educational Services, (5) Health Services and Social Activities.**

Reference

Badan Pusat Statistik Provinsi Bali. 2021. "PDRB Triwulan Provinsi Bali Atas Dasar Harga Konstan 2010 Menurut Lapangan Usaha 2010-2021." Retrieved (https://bali.bps.go.id/indicator/52/141/12/pdrb-triwulanan-provinsi-bali-atas-dasar-harga- konstan-2010-menurut-lapangan-usaha.html).

Badan Pusat Statistik. 2021. "PDB Seri 2010-2021 Atas Dasar Harga Konstan 2010 Menurut Lapangan Usaha". Retrieved (https://bps.go.id/indicator/11/65/12/- seri-2010-pdb-seri-2010.html)

Lokadata. 2021. "Special Report Setahun ekonomi dihimpit korona".

Todaro, M. P., & Smith, S. C. 2011. Economic Development. 11th ed. Harlow: Pearson Education Limited.

Tarigan, Robinson. 2005. Perencanaan Pembangunan Wilayah. Jakarta: Bumi Aksara.

Kuncoro, Mudrajad. 2012. Metode Kuantitatif; Teori dan Aplikasi untuk Bisnis Ekonomi, 4th ed. Yogyakarta: Sekolah Tinggi Ilmu Manajemen YKPN.

Sjafii, Ahmad. 2013. "Pengaruh Investasi Fisik dan Investasi Pembangunan Manusia Terhadap Pertumbuhan Ekonomi Jawa Timur 1990-2004". *Jurnal Ekonomi Universitas Airlangga*.

Kartasasmita, Ginajar, 1996. Pembangunan Untuk Rakyat, Memadukan Pertumbuhan dan Pemerataan. Jakarta: PT Pustaka.

Jhingan, M.L. 2015. Ekonomi Pembangunan dan Perencanaan. Jakarta: PT Raja Grafindo Persada.

Emy Puspita Yuendini, Isfi Nurafifa Rachmi, Novanda Nurul Aini Puspitasari, Rika Harini, et al. 2019. "Analisis Potensi Ekonomi Sektor Pertanian dan Sektor Pariwisata di Provinsi Bali Menggunakan Teknik Analisis Regional". *Jurnal Geografi,* 16(2): 128-136

A.A.A Ribeka Martha Purwahita, Putu Bagus Wisnu Wardhana, I Ketut Ardiasa, I Made Winia. 2021. "Dampak Covid-19 Terhadap Pariwisata Bali Ditinjau Dari Sektor Sosial, Ekonomi, Dan Lingkungan". *Jurnal Kajian dan Terapan Pariwisata,* 1(2).

Erawati, Ni Komang. 2011. "Analisis Pola Pertumbuhan Ekonomi dan Sektor Potensial Kabupaten Klungkung". *Skripsi Jurusan Ekonomi Pembangunan Fakultas Ekonomi dan Bisnis Universitas Udayana*.

THE EFFECT OF GOVERNANCE AND SHADOW ECONOMY ON FDI IN G-20 COUNTRIES (2002-2015)

Fayota Prachmasetiawan, SST

Faculty of Economics and Business, Trisakti University, Jakarta, Indonesia

Dr. Syofriza Syofyan, ME

Faculty of Economics and Business, Trisakti University, Jakarta, Indonesia

Dr. Osni Erza, SE, MM

Faculty of Economics and Business, Trisakti University, Jakarta, Indonesia

Dr. Harmaini, SE, Msi

Faculty of Economics and Business, Trisakti University, Jakarta, Indonesia

Email Correspondence: syofriza.syofyan@trisakti.ac.id

ABSTRACT

This study aims to measure and analyze the influence of the development of several macro social-economic fundamental indicators, governance indicators, and shadow economic levels toward the level of Foreign Direct Direct Investment/FDI among G20 countries. By using regression panel data analysis, this study also examines the most optimal relationship model to explain the connection cross variables in each G20 country with using three panel data models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (Rem) in the 2002-2015 period. The results show that the FEM is the most suitable for explaining the influence of the development of several macro-economic fundamental indicators, governance indicators, and shadow economy levels to the foreign direct investment level among G20 countries. The results of the FEM provide conclusions that for the socio-economic variable macro, there is a significant positive effect between the percentage of gross capital formation (ratio of gross domestic product) to the level of FDI net. Related to the governance indicator, the Regulatory Quality Index also has a significant positive influence on the level of FDI net. Meanwhile, the level of Shadow Economy in general does not have a significant effect to the net FDI level among G20 countries. However, if further analyzed in the FEM model per country, it is known that there is a significant negative effect between the level of Shadow Economy on the FDI net level in the country of one of the G20 countries, such as Saudi Arabia.

KEYWORDS: Shadow Economy, Foreign Direct Investment, Governance, Panel, G20.

Introduction

Technology revolution and financial markets inclusion have encouraged investment products to develop rapidly, both long-term and short-term investments. In the 1980s, there was an increase in investment flows almost in every country in the world. Capital inflow and outflow in that decade grew almost 30% in average, or three times the rate of world exports at the same periode. Even, in the 1990s there was a very sharp surge growth in capital flow (Kosteletou and Liargovas, 2000) .

The movement of capital inflows to a country will be one source of funding for economic activities. In addition, capital inflows can also be an option to overcome the balance of payments deficit. Foreign investors' preferences for a country are one of the factors that determine investors' decisions to invest so that capital inflows become a macroeconomic variable that has high fluctuations. The existence of shocks in capital inflows due to an economic transmission mechanism will affect the internal balance of a country (Syarifuddin, 2019).

One of the capital inflows that have long investment period is foreign direct investment (FDI). According to the Harrod-Domar growth theory, the main requirement for a country's economic growth is to encourage savings and investment with a certain proportion of total output. However, developing countries have low level of savings and investment thus FDI is believed to be one of the driving engines for economic growth. Besides its function as a tool to increase investment resources and capital formation, it also can be an engine for technology development with many benefits arising from positive spillover effects (Osinubi and Amaghionyeodiwe, 2009).

Illicit Money, which is part of the shadow economy, is a threat to the global economy that has the potential to reduce the entry of FDI so that it becomes one of the concerns in the SDGs (16.4). Money laundering as a form of illicit money is defined as the process of converting cash, or other property resulting from criminal activity, so that it appears as if it came from a legitimate source (McDonell, 1998) .

Figure 1. Spatial Map of Net Inflows FDI Among Countries around the World, 2019

THE EFFECT OF GOVERNANCE AND SHADOW ECONOMY ON FDI IN G-20 COUNTRIES (2002-2015)

Empirical evidence suggests that higher FDI leads to lower shadow economy, but higher shadow economy leads to higher FDI. This is because the shadow economy has a positive effect on the economy in real terms as the theory of Kuznets's curve (Inverted U-Curve). Under certain conditions, the shadow economy will be an additional resource in reinvesting in an economy (Nikopour, 2008). However, the success of the policy to handle the current economy remains one of the keys to the entry of FDI in every country, especially in the G20 countries. A separate study on several G20 countries, shows that there is an opposite relationship between FDI and the shadow economy. The higher the size of the shadow economy, the lower the net FDI level. Based on 2015 data, G20 countries that have a low size of the *shadow economy* tend to be categorized as high-income countries.

Figure 2. Comparison on Net Inflows FDI of GDP against Size of Shadow Economy around G20 Countries, 2015
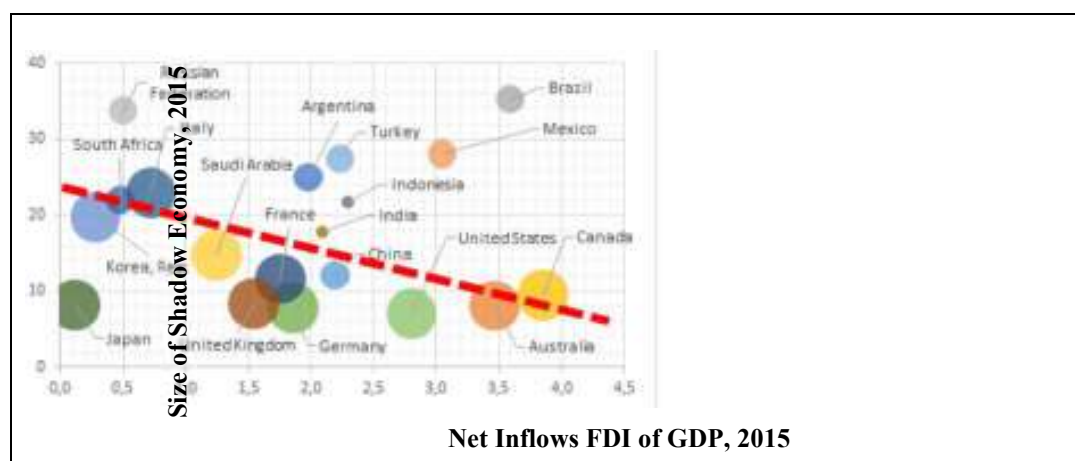
Group of Twenty (G20) Presidency In 2021, the Government of Indonesia will focus on encouraging joint efforts to recover the world economy with the big theme "Recover Together, Recover Stronger". Thus, it is deemed necessary to provide input on policy recommendations, especially in maintaining economic stability and financial integrity both at the national level and in the G20 region, including reducing the impact that can be caused by the current economy.

Rezky (2020) studies stated that the size of the shadow economy in Indonesia is still relatively high. This is due to several factors, such as a high tax burden, strict regulations, high unemployment rates in the formal economy sector, public perception of government performance, and the high level of corruption in Indonesia. In an effort to strengthen policies to increase the level of net FDI in Indonesia in particular and the G20 countries in general, through handling the shadow economy and improving governance in various fields, it is important to study more deeply through an econometric applicative approach regarding **"Analysis of the Effect of the Governance Indicators Development and the Shadow Economy Levels on the Foreign Direct Investment Level in G20 Countries, (Data Period 2002-2015)"**.

There are 2 (two) issues as the focus of this research:

1. What is the effect of the development of several macro-socio-economic fundamental indicators, governance indicators, and the level of the shadow economy on the level of Net FDI among G20 countries in general?

2. Are there differences in the influence of the development of several macro-socio-economic fundamental indicators, governance indicators, and the level of the shadow economy on the level of Net FDI between each of the G20 countries?

THEORETICAL STUDY
FDI theory

Foreign Direct Investment (FDI) is a form of capital inflow that has a long investment period. Based on the results of a study by UNCTAD (1999), FDI is important for every country in supporting the economy, especially in terms of:

1. Source of development finance;
2. Increasing competitive exports;
3. Empowerment of workers and improvement of expertise/skills;
4. Protection of environmental and social responsibility; and
5. Strengthening technological capabilities (transfer, diffusion, generate)

Therefore, the government in each country seeks to create a conducive investment climate to attract FDI, including in terms of developing its policy framework.

Traditionally, FDI is only divided into horizontal FDI and vertical FDI, which only looks at the interaction between home countries and host countries without looking at FDI in third-countries. In horizontal FDI (market-seeking), the determination of foreign investment is motivated by the search for market access to the destination country to avoid trade barriers, such as transportation costs and import protection in the host country arising from protectionist policies (Markusen, 1984; and Fugazza and Trentini, 2004). 2014).

In addition, vertical FDI (efficiency-seeking) is driven by differences in international factor prices, where multinational companies will invest in host countries that have lower production costs or input factors than their home countries (Helpman, 1984; and Fugazza and Trentini, 2014). In vertical FDI, it is estimated that there will be competition between the destination country and neighboring countries regarding the withdrawal of FDI, thus causing a negative impact on the destination country. However, the size or potential of a neighboring country's market is not expected to have a direct influence because investors channel funds to a country only to produce final goods, not as a market.

On the other hand, the development of the international trade system has led to an expansion of the form of the FDI model, where there is a change in the bilateral framework to a multilateral framework, which looks at the FDI relationship between the origin and destination

countries by including the effects of third party countries as a consideration for investment in the destination country, namely export -destination. FDI platforms and complex vertical FDI. Echolm et al. (2007) and Yeaple and Keller (2003) define an export-platform FDI (neighboring market-seeking) in which multinational companies will invest in the destination country to produce final goods that will be sold to third parties, especially when the destination country and third market are included in the zone. free trade, so it has low trade barriers.

In addition, Baltagi et al. (2007) recognized the complex integration of trade between home and host countries and introduced the complex vertical model of FDI . In this model, direct investment goes to the host country with the motivation to establish production chains in various countries to exploit comparative advantages, where the host country exports semi-finished goods to third markets for processing before being sent to the final destination. In complex vertical FDI, it is expected that there will be a positive spatial interaction between the host country and third-party countries regarding FDI inflows and it is hoped that there will be a positive spatial relationship of potential neighboring markets to FDI in the destination country.

Camara (2002) examined the determinants of FDI flows into ASEAN and Latin America using a panel data model. The result is that exchange rates and market size have a significant impact on FDI entering ASEAN and Latin American countries. Hoang and Bui (2015) analyzed the determinants of FDI inflows to six ASEAN countries during 1991–2009 using the traditional panel model. The result is that market size, trade openness, infrastructure quality, human capital, and labor productivity are the main determinants of FDI locations in ASEAN. Tajul and Hussin (2010) examined the impact of institutional quality on FDI flows into ASEAN using the panel data method. The results show that institutional quality is a crucial part of developing a policy strategy to encourage further entry of new FDI into ASEAN. In addition, they also found a positive impact from market size, human capital, economic openness to FDI entering ASEAN.

Hoang (2019) looks at the determinants of FDI in ASEAN using a panel data model. The results found that market size, economic openness, quality of infrastructure, human capital, and labor productivity are the main factors that have a positive impact on FDI flows. In addition, it was also found that exchange rate policies, real interest rates, political risk, and quality of institutions had an impact on FDI flows. However, cheap labor wages do not help in encouraging FDI, as investors tend to be more interested in labor productivity.

In addition, there is a panel data model called the gravity model, which can explain bilateral flows between origin and destination countries, which focuses more on FDI flows that are influenced by the economic size of the origin and destination countries, and the distance between them. However, this model does not consider the spatial interaction between neighboring countries and the host country. Ismail et al. (2009) identified the determinants of FDI in ASEAN countries using the semi-gravity model by looking at the existence of AFTA. By using 18 investor countries and 9 ASEAN countries (except Cambodia) as host countries, the

results show market size, the closer the distance, the more similar the language and boundaries, the expansion of the market relative to distance will increase foreign investors. In addition, low inflation rates, rising exchange rates, good government financial management, telecommunications and infrastructure, as well as trade and transparency policies can also increase FDI into ASEAN.

Blattner (2005) analyzed the determinants of bilateral FDI flows for 10 countries in East and Southeast Asia, including the five ASEAN members by differentiating 10 industries, using a gravity model. He looked at the determinants for stock FDI lag and found that GDP, distance, wages, and foreign exchange were among them. Eichengreen and Tong (2007) conducted a study to see whether the FDI received by China would harm other destination countries by using the gravity model, in which it tries to capture the effect of third country FDI in China. The sample used is 29 OECD countries of origin and 63 OECD and non-OECD destination countries, six of which are ASEAN members. Hattari et al. (2013) examined the determinants of bilateral FDI flows in six ASEAN countries, China, and India using a gravity model. The results show that distance is a determining factor, with the largest bilateral FDI flows occurring between Singapore, Malaysia, and Thailand, with FDI flows from intra-ASEAN increasing since the 1997 financial crisis. Using the gravity model for 30 OECD and nine ASEAN countries with Including the free trade dummy, Thangavelu and Narjoko (2014) examine the determinants of bilateral FDI flows.

The labor force variable measures the pool of potential that has the best prerequisite for working in the shadow economy. On the other hand, individual with work have less free time at their disposal. So, time acts as restrictions on being active in the shadow economy. Unemployment has incentive not to report their extra hours because otherwise they will lose their financial support. If the wages of illicit work and financial aid together generate more income than regular work and overtime, taking into account detection and penalty fees and the assumption of risk neutrality, full time off limits working as an unemployed person result in higher utility ceteris paribus. Likewise situation, the danger that one stays in the shadow economy and turns around job offers down are increasing (Schneider and Enste, 2002).

Shadow Economy

Various different terms are used from the shadow economy, including underground, non-observed, hidden, informal economy and so on. Some definitions include activities carried out by individuals for their own benefit or on a reciprocal basis, most of which will generally not be taxed (OECD, 2017). Shadow economy refers to economic transactions that are considered illegal, either because the goods or services being traded are unlawful, or because the transactions fail to comply government reporting requirements. Shadow economy is also defined as income from the production of goods and services, both from financial and barter transactions that are intentionally not reported to the tax authorities (Dermawan, 2010).

The shadow economy according to Feige (1990) and based on the following authors — Tanzi, Smith, Feige, Thomas, Schneider and Bagachwa — is divided into four groups, namely:

THE EFFECT OF GOVERNANCE AND SHADOW ECONOMY ON FDI IN G-20 COUNTRIES (2002-2015)

1. Illegal economy, namely the activity of producing goods and services that violate the law such as narcotics, prostitution, smuggling, theft and so on.
2. Undeclared economy, namely activities carried out with the aim of avoiding the fiscal rules that have been set including in tax laws, tax and contribution evasion, and fraud for profit. The cumulative measure of undeclared income is the amount of income that should have been reported to the tax authorities but was not made.
3. Unregistered (unrecorded) economy, ie activities that are not registered by official statistics even though they should be. This results in a discrepancy between the total actual income and the income registered in the government system.
4. Informal economy, namely activities that reduce company costs and violate administrative rules governing property rights, work agreements, credit agreements, and social security systems.

There are several approaches taken to determine the value of the shadow economy, namely:

1. The direct approach, carried out at the micro level, aims to determine the size of the shadow economy at a certain point in time. An example of a direct approach is through a survey of shadow economy actors or through an audit conducted by the tax authorities.
2. The indirect approach is carried out by utilizing macroeconomic indicators as a proxy for the development of the shadow economy from time to time. The macroeconomic indicators used are as follows:
   a. The monetary approach is carried out by looking at the elasticity of demand for currency against the tax burden (one of the driving factors for the emergence of the shadow economy). This is done with the assumption that shadow economy actors tend to use cash more in their transactions so that they are more difficult to track than transactions involving banks or financial institutions.
   b. The discrepancy approach in official statistics is carried out by calculating income and expenditure statistics on the national balance sheet. If there is a difference between the two, there is a possibility of shadow economy activities in that country.
   c. The employment statistics approach is carried out by observing a decrease in the employment participation rate in the official sector, assuming that the overall labor participation rate remains constant.

The modeled approach treats the shadow economy as an unobservable (latent) variable associated with a set of (observable) indicators that reflect changes in the size of the shadow economy. MIMIC is a model for estimating the value of "unobservable parameters" which scholars call "latent variables". This method examines the relationship between variables that affect a latent variable and sees the effect of these variables on the variables that are influenced by it. In this study, the underground economy is treated as a latent variable and assumed to be influenced (caused) by parameters such as tax burden, unemployment, regulatory intensity, morality and enforcement (structural model).

THE EFFECT OF GOVERNANCE AND SHADOW ECONOMY ON FDI IN G-20 COUNTRIES (2002-2015)

Shadow Economy and Its Effect on FDI

Several researchers have conducted an analysis of FDI and the shadow economy with a global, regional, and national scope. One empirical evidence states that higher FDI causes a lower shadow economy, but a higher shadow economy causes higher FDI. This is because the shadow economy has a positive effect on the economy in real terms as the theory of Kuznets's curve (Inverted U-Curve) . Under certain conditions, the shadow economy will be an additional resource in reinvesting in an economy (Nikopour, 2008) .

Another study conducted by Nugraha (2013) , entitled The Impact of Corruption and Money Laundering on foreign Direct Investment in ASEAN. The dependent variable uses FDI Inflow. This research method uses panel data regression analysis with independent variables consisting of: dummy presence of FIU (Financial Intelligence Unit), CPI (Corruption Perception Index), GDP (market size), Inflation, Exchange Rate, Interest Rate, Labor Force, Degree of Openness. The research data uses a data pool for the period 2000-2009. This research concludes that the existence of FIU is positively related to FDI Inflow and CPI has no significant effect on FDI Inflow.

Goel et al. (2020) conducted a study entitled " International Movements of Money and Men: Impact on The Informal Economy". The analytical method used is panel data regression analysis with the informal economy or shadow economy as the dependent variable and FDI inflows, inward development aid, and immigration on the informal sector. as an independent variable. The study also used several control variables, namely: GDP, population, economic freedom, government size, democracy, inflation, Index of globalization, Index of economic globalization, Index of social globalization, Index of political globalization, Tax burden). The conclusion of this study is that FDI and immigration increase the informal sector, with the effect of immigration being relatively stronger. FDI inflows reduced the informal sector, but the statistical significance was low. Among the control variables, the size of the government has an effect on increasing the informal economy, while inflation sometimes reduces the informal sector.

Governance and Its Effect on FDI

Huynh et al. (2019) conducted research entitled "One-way Effect or Multiple -way Causality: Foreign Direct Investment, Institutional Quality and Shadow Economy?". The research variables used are FDI, shadow economy, and institutional quality, while the control variables consist of: Ratio of Grosss capital formation in GDP, The labor force participation rate, School enrollment-tertiary, Average wage monthly per worker, Ratio of import & export in GDP, GDP growth rate, Fuel exports on total exports, Democratic Index, Economic Freedom Index, Average years of schooling, Gross national income per capita, The component Burden of government regulations, Unemployment rate, Population aged over 65 years, Urban population . This research uses dynamic panel analysis and simultaneous-equation modeling. The conclusion obtained is that institutional quality has an effect on attracting incoming FDI

and FDI in turn improves institutional quality. Institutional quality is not only a cause but also a consequence of the shadow economy, and FDI inflows help reduce the shadow economy through institutional improvement channels and the lower shadow economy – which improves institutional quality – will encourage FDI inflows.

Method

Model Specification

This study analyzes the relationship between the development of several macroeconomic fundamental indicators, indicators of Governance, and the level of the Shadow Economy on the level of Net Direct Investment (FDI) among the G20 countries. By using panel data regression analysis, this study also examines the most optimal relationship model to explain the relationship between variables in each G20 country using three panel data models, namely: common effect model (CEM), fixed effect model (FEM), and random effect model (REM) in the period 2002-2015.

Based on the economic theory of FDI, it is assumed that the econometric empirical model used is as follows:

$$FDI_{it} = \alpha_0 + \beta_1\,EC_{GROWTH_{it}} + \beta_2\,CAP_{FORM_{it}} - \beta_3\,UNEMPL_{it} + \beta_4\,ROL_{it} + \beta_5\,COC_{it} + \beta_6\,GOV_{EFF_{it}} + \beta_7\,PS_{AOV_{it}} + \beta_8\,RQ_{it} + \beta_9\,VAC_{it} - \beta_{10}\,SIZE_{SE_{it}} + \epsilon_{it} \dots\dots\dots\dots\dots\dots\mathbf{1}$$

Information:

FDI	: % Foreign direct investment, net inflows of GDP from country i (= 1,…,) year t (= 1,…,)
EC_GROWTH	: Percentage of Economic Growth from country i (= 1,…,) in year t (= 1,…,)
CAP_FORM	: *Gross capital formation, % of GDP* from country i (= 1,…,) year t (= 1,…,)
UNEMPL	: *Unemployment, % of total labor force* from country i (= 1,…,) year t (= 1,…,)
ROL	: *Rule of Law Index* from country i (= 1,…,) year t (= 1,…,)
COC	: *Control of Corruption Index* from country i (= 1,…,) year t (= 1,…,)
GOV_EFF	: *Government Effectiveness Index* of country i (=1,…,) t-th year (= 1, …,)
PS_AOV	: *Political Stability and Absence of Violence/Terrorism Index* from country i (= 1,…,) year t (= 1,…,)
RQ	: *Regulatory Quality Index* from country i (= 1,…,) year t (= 1,…,)
VAC	: *Voice and Accountability Index* from country i (= 1,…,) year t (= 1,…,)
SIZE_SE	: *Size of Shadow Economy, % of GDP* from country i (= 1,…,) year t (= 1,…,)

Research Hypothesis:

Based on the theoretical study described previously, the hypotheses in this study consist of:

1. Socio-Economic Fundamental Variables affect the Net FDI Rate in G20 countries:
   a. The percentage of Economic Growth is positively related to the Net FDI Rate in the G20 countries.
   b. The percentage of Gross capital formation to GDP is positively related to the Net FDI Rate in G20 countries.
   c. The Unemployment Rate is negatively related to the Net FDI Rate in the G20

countries.

2. Governance variables affect the level of Net FDI in G20 countries:
   a. Rule of Law Index is positively related to the Net FDI Rate in G20 countries.
   b. Control of Corruption Index is positively related to the Net FDI Level in the G20 countries.
   c. Government Effectiveness Index is positively related to the Net FDI Rate in the G20 countries.
   d. The Political Stability and Absence of Violence/Terrorism Index is positively related to the Net FDI Rate in G20 countries.
   e. The Regulatory Quality Index is positively related to the Net FDI Level in the G20 countries.
   f. The Voice and Accountability Index is positively related to the Net FDI Rate in the G20 countries.
3. The Shadow Economy measure is negatively related to the Net FDI Rate in the G20 countries.

Data and Variable Definition

This study examines the determinants of FDI in 19 countries from the 20 countries that are members of the G20 Group (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia). Arabia, South Africa, Turkey, United Kingdom, United States) with the type of data used is secondary data in the form of an annual time series (annually time-series) and the time range is from 2002 to 2015. Governance indicators used in the analysis refers to the dataset designed by Kaufmann et al. (2008). These indicators build on information gathered through cross-country surveys and expert opinion polls. Kaufmann et al. (2008) used a construct component model, covering about 212 countries for each indicator. There are six different indicators, each representing a different dimension of governance, namely: (i) Voice and Accountability, (ii) Political Stability and Lack of Violence, (iii) Government Effectiveness, (iv) Regulatory Quality, (v) Rule of Law, and (vi) Control of Corruption. The analytical method used in this study is the panel data regression method. The variables and data sources used in the detailed estimation can be seen as follows:

Table 1. List of Research Variables and Data Sources

Variable Name el	Information	Unit	Data source
FDI	*% Foreign direct investment, net inflows of GDP*	Percent	International Monetary Fund
EC_GROWTH	Economic Growth Percentage	Percent	World Bank national accounts data
CAP_FORM	*Gross capital formation, % of GDP*	Percent	World Bank national accounts data
UNEMPL	*Unemployment, % of total labor force*	Percent	International Labor Organization
ROLLER	*Rule of Law Index*	Index	www.govindicators.org
COC	*Control of Corruption Index*	Index	www.govindicators.org
GOV_EFF	*Government Effectiveness Index*	Index	www.govindicators.org
PS_AOV	*Political Stability and Absence of Violence/Terrorism Index*	Index	www.govindicators.org
RQ	*Regulatory Quality Index*	Index	www.govindicators.org
VAC	*Voice and Accountability Index*	Index	www.govindicators.org
SIZE_SE	*Size of Shadow Economy, % of GDP*	Percent	Schneider (2007)

Result

Best Model Selection, Simultaneous Test (F Test), and Model Fit Test
Based on the results of panel data regression analysis using eviews 9.0, it is known that the panel fixed effect model (FEM) is the most suitable for explaining the influence of the development of several macro-socio-economic fundamental indicators, governance indicators, and the level of the shadow economy on the level of foreign direct investment among the G20 countries.

From the results of the processing of the FEM model, it was obtained that Adjusted R-squared = 0.333876, meaning that the variation of the 10 independent variables was able to explain the variation of the dependent variable. The Net FDI level was 33.3876%. While the rest (100% - 33,3876% = 66.6124%) are variations of other independent variables that affect the Net FDI Level model but are not included in the model . The significant value of the F test on the model is 0.000000 < 0.05, indicating that statistically 10 independent variables jointly affect the dependent variable Net FDI level and model fit to test the hypothesis. The results of processing the fixed effect model panel model can be summarized in the following table:

Table 2 . Comparison of Processing Results

Variable el Independent	Coefficient	Prob.	Conclusion
C	-0.375921	0.8482	not significant
CAP_FORM?	0.139937	0.0017	significant *
COC?	0.300441	0.6492	not significant
EC_GROWTH?	0.000475	0.9883	not significant
GOV_EFF?	-0.448880	0.5565	not significant
PS_AOV?	0.543572	0.2553	not significant
ROLLER?	-1.993115	0.0903	(-) significant *
RQ?	1.577681	0.0857	(+) significant *
SIZE_SE?	0.019494	0.7656	not significant
UNEMPL?	-0.101089	0.1375	not significant
VAC?	-0.60912	0.5232	not significant
R-squared	0.404259		
Adjusted R-squared	0.333876		
F-statistics	5.743700		
Prob(F-statistic)	0.000000		

Discussion

The Effect of Macro Socio-Economic Fundamental Indicators on the Net FDI Rate in G20 Countries

Strong socio-economic fundamentals are needed in attracting FDI to a country. Based on the results of the FEM panel model as shown in Table 2, it is known that of the 3 macro socio-economic variables, only the percentage of gross capital formation (ratio to gross domestic product) has a positive effect on the level of Net FDI at a significance level of 10 percent. The slope value is 0.139937 shows that if the percentage of gross capital formation (ratio to gross domestic product) increases by 1 percent, the net FDI rate will also increase by 0.139937 percent assuming cateris paribus. This is theoretically relevant that there is a significant positive effect between the percentage of gross capital formation (ratio to gross domestic product). to the Net FDI Rate.

The Effect of Governance Indicators on the Net FDI Level in G20 Countries

The quality of an institution is an important key that influences the decisions of economic actors to operate in the shadow economy. If the government is seen as good by the community and not wasteful and corrupt, then economic actors who are willing to participate in the formal sector and fulfill their obligations, especially paying taxes, will increase. Conversely, if the government is inefficient and corrupt, then economic actors have low trust and the possibility to fulfill their tax obligations is also low (Torgler & Schneider, 2007).

Based on the results of the FEM panel model on the governance indicators side, of the 6 indicators tested, only the Regulatory Quality Index variable has a significant positive effect on the level of Net FDI at a significance level of 10 percent. The slope value is 1.577681 shows that if the Regulatory Quality Index increases by 1 unit, the level of Net FDI will also increase

by 1.577681 percent assuming cateris paribus. This is theoretically relevant that there is a significant positive effect between the Regulatory Quality Index on the Net FDI Level.

Effect of Shadow Economy Level on Net FDI Rate in G20 Countries

Shadow economy activities are economic activities both legal and illegal that contribute to the calculation of GDP but are not detected. This activity is a threat to the global economy that has the potential to reduce the entry of FDI so that it becomes one of the concerns in the SDGs (16.4).

Based on the results of the FEM model, it is known that the level of the shadow economy in general has no significant effect on the level of Net FDI among G20 countries at a significance level of 10 percent. The insignificant effect of the shadow economy level on the Net FDI level is allegedly because in some G20 countries, the shadow economy level has a positive effect on the economy in real terms as Kuznets's curve theory (Inverted U-Curve) explains that under certain conditions, the shadow economy will become an additional resource. in reinvesting in an economy (Nikopour, 2008).

However, if analyzed further on the FEM model per country, it is known that there is a significant negative effect between the level of the shadow economy on the level of Net FDI in one of the G20 countries, namely: Saudi Arabia. The higher the size of the shadow economy, the lower the net FDI level in the country. The slope value of - 1. 015659 indicates that if the level of shadow economy Saudi Arabia increases by 1 unit, then the level of Net FDI in Saudi Arabia will decrease by 1.015659 percent assuming cateris paribus.

Conclusion

Based on the results and the analysis of this study, could be implied several important conclusions:

1. The panel fixed effect model (FEM) is the most suitable to explain the influence of the development of several macro-socio-economic fundamental indicators, governance indicators, and the level of the Shadow Economy on the level of Foreign Direct Investment Net among G20 countries.

2. The results of the FEM panel model conclude that for macro socio-economic variables, there is a significant positive effect between the percentage of gross capital formation (ratio to gross domestic product) on the level of Net FDI.

3. Regarding governance indicators, of the 6 indicators tested, only the Regulatory Quality Index variable has a significant positive effect on the level of Net FDI.

4. The level of the Shadow Economy in general has no significant effect on the level of Net FDI among the G20 countries. However, if analyzed further on the FEM model per country, it is known that there is a significant negative effect between the level of the Shadow Economy on the level of Net FDI in one of the G20 countries, namely: Saudi Arabia.

Furthermore, in an effort to strengthen policies to increase the level of Net FDI in Indonesia in particular and the G20 countries in general, through the handling of the shadow economy and improving governance in various fields, several recommendations have been formulated as follows:

1. The importance of maintaining a conducive investment climate to attract FDI from other countries, in particular by developing a policy framework that is able to increase the proportion of physical investment in GDP in each G20 country.

2. The importance of encouraging efforts to improve good governance in each G20 country, especially regarding the quality of its policies and legal instruments.

3. The need for effective efforts in suppressing the development of the shadow economy in every country because it is a threat to the global economy that has the potential to reduce FDI inflows.

Reference

Alkhdour, Rajeh. 2011. Corruption and the Shadow Economy: an empirical analysis. Public Choices; Dordrecht Vol. 144, Iss. 1-2, (Jul 2010): 215-238. DOI:10.1007/s11127-009-9513-0 .

Antoci, Angelo; Russu, Paolo; Ticci, Elisa. PLOS One. 2014. Macroeconomics of Money Laundering: Effects and Measurements. Journal of Financial Crime; London Vol. 24, Iss. 1, (2017): 65-81. DOI:10.1108/JFC-01-2016-0004 .

Arumugam Rajenthran. 2002. Indonesia: An Overview of the Legal Framework for Foreign Direct Investment - Indonesia: An Overview of The Legal Framework for Foreign Direct Investment. ISEAS Working Papers. Economics and Finance; Singapore (Oct 2002): 1-66.

Ayushi Bajaj (Monash University), Nikhil Damodaran (Louisiana State University). February 2018. Digitization and Demonetization in a Shadow Economy Model.

Baklouti Nedra; Younes, Boujelbene. 2020. A simultaneous equation model of economic growth and Shadow Economy: Is there a difference between the developed and developing countries? Economic Change and Restructuring; Dordrecht Vol. 53, Iss. 1, (2020): 151-170. DOI:10.1007/s10644-018-9235-8 .

Baltagi, BH, Egger, P., Pfaffermayr, M. (2007). Estimating models of complex FDI: Are there third-country effects?. Journal of Econometrics. 140, p. 260 –281.

Batrancea, Larissa; Nichita, Anca; Batrancea, Ioan; Gaban, Lucian. 2018. FDI and Growth. Advances in Management and Applied Economics; Athens Vol. 6, Iss. 2, (2016): 1-23.

Beitman, Aaron Levine. 2015. The Welfare Effects of Opening to Foreign Direct Investment in Polluting Sectors. Environmental and Resource Economics; Dordrecht Vol. 74, Iss. 1, (Sep 2019): 243-269. DOI:10.1007/s10640-018-00316-5 .

Betz, Frederick. 2014. Modeling a Layered Financial Structure in a Knowledge Economy. Journal of the Knowledge Economy; New York Vol. 5, Iss. 4, (Dec 2014): 841-862. DOI:10.1007/s13132-013-0167-2.

Bhattarai, Keshab. 2016. FDI, economic decline and recovery: lessons from the Asian financial crisis. Multinational Business Review; Bingley Vol. 19, Iss. 2, (2011): 120-132. DOI:10.1108/15253831111149762 .

Bilan, Yuri; Vasylieva, Tatiana; Lyeonov, Sergij; Tiutiunyk, Inna. 2019. Shadow Economy and its Impact on Demand at the Investment Market of the Country. Entrepreneurial Business and Economics Review; Krakow Vol. 7, Iss. 2, (2019): 27-43. DOI:10.15678/EBER.2019.070202 .

Blanton, Robert G; Early, Bryan; Peksen, Dursun. 2018. Out of the shadows or into the dark? Economic openness, IMF programs, and the growth of shadow economies. The Review of International Organizations; Dordrecht Vol. 13, Iss. 2, (Jun 2018): 309-333. DOI:10.1007/s11558-018-9298-3 .

Blattner, TS (2005). What drives foreign direct investment in Southeast Asia? A dynamic panel approach. Mimeo: European Central Bank. Pages 1-55.

Bowen, Renee; Elsig, Manfred. 2018. Trade and investment: Introduction to the special issue. The Review of International Organizations; Dordrecht Vol. 13, Iss. 2, (Jun 2018): 137-142. DOI:10.1007/s11558-018-9307-6 .

Bruneckiene, Jurgita; Jucevicius, Robertas; Zykiene, Ineta; Rapsikevicius, Jonas; Mantas Lukauskas. 2019. Distributional Consequences and Executive Regime Types: The Politics of Foreign Direct Investment Incentives. University of Minnesota. ProQuest Dissertations Publishing, 2015. 3728194.

Buckley, Peter J; Clegg, Jeremy; Cross, Adam R; Tan, Hui. 2005. China's Inward Foreign Direct Investment Success: Southeast Asia in the Shadow of the Dragon. Multinational Business Review; Bingley Vol. 13, Iss. 1, (Spring 2005): 3-31. DOI:10.1108/1525383X200500001 .

Camara, M. (2002). Les investissements directs étrangers et l'intégration régionale: les exemples de l'ASEAN et du MERCOSUR. Revue Tiers Monde Annee. 169, p. 47-69.

Camba, Alvin. 2017. Inter-state relations and state capacity: the rise and fall of Chinese foreign direct investment in the Philippines. Palgrave Communications; London Vol. 3, Iss. 1, (Dec 2017). DOI:10.1057/s41599-017-0033-0 .

Cong Minh Huynh & Vu Hong Thai Nguyen & Hoang Bao Nguyen2 & Phuc Canh Nguyen. September 13, 2019. One-way effect or multiple-way causality: foreign direct investment, institutional quality and Shadow Economy? Springer-Verlag GmbH Germany, part of Springer Nature 2019 .

Corina-Narcisa (Bodescu) Cotoc; Viorela Ligia Vaidean; Achim, Monica Violeta. risks. 2021. Corruption, Shadow Economy and Deforestation: Friends or Strangers? Basel Vol. 9, Iss. 9, (2021): 153. DOI:10.3390/risks9090153 .

Devi Prasad Dash; Behera, Smruti Ranjan; D Tripati Rao; Sethi, Narayan; Nanthakumar Loganathan. 2020. Governance, urbanization, and pollution: A cross-country analysis of

the global south region. Cogent Economics & Finance; London Vol. 8, Iss. 1, (Jan 2020). DOI:10.1080/23322039.2020.1742023 .

Dkhili, Hichem; Lassad Ben Diab. 2018. The Relationship between Economic Freedom and FDI versus Economic Growth: Evidence from the GCC Countries. Journal of Risk and Financial Management; Basel Vol. 11, Iss. 4, (2018): 81. DOI:10.3390/jrfm11040081 .

Dreher, Axel; Schneider, Friedrich. 2010. The Impact of Corruption and Shadow Economy on the Economic and Sustainable Development. Do They "Sand the Wheels" or "Grease the Wheels"? Sustainability; Basel Vol. 12, Iss. 2, (2020): 481. DOI:10.3390/su12020481 .

Eichengreen, B., Tong, H. (2007). Is China's FDI coming at the expense of other countries?. Journal of the Japanese and International Economies 21(2), p. 153–172.

Elgin, C. and Oztunali, O. 2012. Shadow Economies Around the World: Model Based Estimates, working papers 2012/05 (Istanbul: Bogazici University, Department of Economics).

Friedrich Schneider, and Dominik H. Enste. 2013. The Shadow Economy: An International Survey (2nd edition). Cambridge University Press.

Friedrich Schneider, Andreas Buehn, Claudio E. Montenegro. Shadow Economies All over the World: New Estimates for 162 Countries from 1999 to 2007. Policy Research Working Paper 5356, July 2010 .

Fu, Siming. 2016. Assessment of Investment Attractiveness in European Countries by Artificial Neural Networks: What Competences are Needed to Make a Decision on Collective Well-Being? Sustainability; Basel Vol. 11, Iss. 24, (2019): 6892. DOI:10.3390/su11246892 .

Fugazza, M., Trentini, C. (2014). Empirical Insights On Market Access And Foreign Direct Investment. UNCTAD Blue Series Papers 63, United Nations Conference on Trade and Development.

Globerman, Steven. 2017. A new era for foreign direct investment? Multinational Business Review; Bingley Vol. 25, Iss. 1, (2017): 5-10. DOI:10.1108/MBR-12-2016-0047 .

Godinez, Jose; Liu, Ling. 2018. Corruption and Its Effects on FDI: Analysing the Interaction Between the Corruption Levels of the Home and Host Countries and Its Effects at the Decision-Making Level. Journal of Business Ethics: JBE; Dordrecht Vol. 147, Iss. 4, (Feb 2018): 705-719. DOI:10.1007/s10551-016-3380-7 .

Goel, Rajeev K; Ram, Rati; Schneider, Friedrich; Potempa, Ashley. 2020. International movements of money and men: impact on the informal economy. Journal of Economics and Finance; New York Vol. 44, Iss. 1, (Jan 2020): 179-197. DOI:10.1007/s12197-019-09480-w .

González-Fernandez, Marcos; González-Velasco, Carmen; Fanjul-Suárez, Jose-Luis. 2020. Corruption, the Shadow Economy and Innovation in Spanish Regions. Panoeconomicus; Novi Sad Vol. 67, Iss. 4, (2020): 509-537. DOI:10.2298/PAN170650003G .

Gopalan, Sasidaran; Rabin Hattari; Rajan, Ramkishen S. 2016. International Investment, Economic Growth, and Stabilization Policy: Essays in Open Economy Macroeconomics. University of Connecticut. ProQuest Dissertations Publishing, 2002. 3042912.

Hailin Chen, Friedrich Schneider. May 2018. Size and Causes of Shadow Economy in China over 1978–2016: Based on the Currency Demand Method.

Hattari, R., Rajan, RS, Thangavelu, S. (2013). Intra-ASEAN FDI flows and the role of China and India: Trends and determinants. In T. Cavoli, S. Listokin, & RS Rajan (Eds.), Issues in governance, growth and globalization in Asia (chapter 5). Singapore: World Scientific Publishing.

Helpman, E. (1984). A simple theory of international trade with multinational corporations. Journal of Political Economy. 92(3), pp.451–471.

Hendriyetty, Nella; Grewal, Bhajan S. 2017. Foreign direct investment and regional integration in emerging markets. State University of New York at Buffalo. ProQuest Dissertations Publishing, 2010. 3423510.

Hoang, HH, Bui, DH (2015). Determinants of foreign direct investment in ASEAN: A panel approach. Management Science Letters, 5(2), 213–222.

Hoang, HH (2019). Foreign Direct Investment in Southeast Asia: Determinants and Spatial Distribution. Working Paper No. 30. Development and Policies Research Center (DEPOCEN), Vietnam.

Hoinaru, Rzvan; Buddha, Daniel; Sorin Nicolae Borlea; Viorela, Ligia Văidean; Achim, Monica Violeta. 2020. The definition of digital Shadow Economy. Remeikiene, Rita; Gasparenien, Ligita; Schneider, Technological and Economic Development of Economy; Vilnius Vol. 24, Iss. 2, (Mar 2018): 696–717-696–717. DOI:10.3846/20294913.2016.1266530 .

Hwy-Chang Moon; Joseph LC Cheng; Min-Young, Kim; Jin-Uk, Kim. 2011. Rural Poor Economies and Foreign Investors: An Opportunity or a Risk?. San Francisco Vol. 9, Iss. 12, (Dec 2014): e114703. DOI:10.1371/journal.pone.0114703 .

Ismail, NW (2009). The determinant of foreign direct investment in ASEAN: A semi-gravity approach. Transition Studies Review. 16(3), pp.710–722.

International Center for Asset Recovery at the Basel Institute on Governance. 2021. Basel_AML_Index_2021_10th Edition .

Iwasaki, Ichiro; Suganuma, Keiko. 2015. Foreign Direct Investment and Regional Economic Development in Russia: An Econometric Assessment. Economic Change and Restructuring; Dordrecht Vol. 48, Iss. 3-4, (2015): 209-255. DOI:10.1007/s10644-015-9161-y .

Joseph E. Stiglitz and Mark Pieth. November 2016. Overcoming the Shadow Economy. Global Policy and Development Hiroshimastr. 28, 10785 Berlin, Germany .

Kadi, Osama. 1999. Economic freedom and foreign direct investment: The Arab world case. Eastern Michigan University. ProQuest Dissertations Publishing, 1999. 1395738.

Kaufmann, D., A. Kraay and M. Mastruzzi (2008), "Governance Matters VII: Aggregate and Individual Governance Indicators 1996-2007", The World Bank, Policy Research Working Paper 4654, http://ssrn.com/abstract =1148386

Kenneth A. Froot. 1994. Foreign Direct Investment. University of Chicago Press, 1994 .

Kolomoiets, Tetiana; Tsybulnyk, Nelli; Moroz, Oleksandr; Prymachenko, Vitaliy; Khashev, Vadym. 2021. A Vector Autoregression Analysis of Foreign Direct Investment and Its Link to Competitiveness. Journal of Competitiveness; Zlin Vol. 12, Iss. 4, (Dec 2020): 127–142. DOI:10.7441/joc.2020.04.08 .

Kondyan Sergey; Yenokyan Karine. 2019. The Effect of Foreign Direct Investment on Economic Growth. Eastern Economic Journal; Basingstock Vol. 45, Iss. 4, (Oct 2019): 532-564. DOI:10.1057/s41302-019-00140-9 .

Costakis, Ioannis. 2017. The impact of Shadow Economy and/or corruption on private consumption: further evidence from selected Eurozone economies. Eurasian Economic Review; Heidelberg Vol. 7, Iss. 3, (2017): 411-434. DOI:10.1007/s40822-017-0072-2 .

Kosteletou, N., Liargovas, P. (2000). Foreign Direct Investment and Real Exchange Rate Interlinkages. Open Economies Review. 11(2), p. 135-148.

Kyophilavong, Phouphet; Bin, Xiong; Vanhnala, Bounlert; Wongpit, Piya; Phonvisay, Alay; et al. 2017. The Impact of Chinese FDI on Economy and Poverty of Lao PDR. International Journal of China Studies, suppl. Special Issue: Great Fall or New Normal: China's Economic Restructuring and its Impact on Southeast Asia; Kuala Lumpur Vol. 8, Iss. 2, (Aug 2017): 259-276.

Leandro Medina and Friedrich Schneider. IMF Working Papers. 2018. Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?

Leslie Vargas Balladares and Nikolina Vidovic. Jonkoping. 2017. The Size of Shadow Economy in the EU: A Study of Undeclared Work, Bribery and Tax Evasion in 2013 .

Lou Anne A. Barclay and Alan Rugman. 2000. Foreign Direct Investment in Emerging Economies : Corporate Strategy and Investment Behavior in the Caribbean. Taylor & Francis Group, 2000 .

Lyulyov, O; Lyeonov, S; Tiutiunyk, I; Podgórska, J. 2021. The impact of tax gap on macroeconomic stability: Assessment using panel VEC approach. Journal of International Studies; Szczein Vol. 14, Iss. 1, (2021). DOI:10.14254/2071-8330.2021/14-1/10 .

Lyutiy, Igor; Borovikova, Mariya. 2013. The Financial Market of Ukraine and The Role of Foreign Direct Investment. Economics; Vilnius Vol. 92, Iss. 1, (2013): 64-77.

Markusen, JR (1984). Multinationals, multi-plant economies, and the gains from trade. Journal of International Economics. 16(3–4), pp.205–226.

McDonell, R., 1998. "Money Laundering Methodologies and International and Regional Counter-Measures".

Mishchuk, Halyna; Bilan, Svitlana; Yurchyk, Halyna; Akimova, Liudmyla; Navickas, Mykolas. 2020. Impact of The Shadow Economy on Social Safety: The Experience Of Ukraine. Economics & Sociology; Ternopil Vol. 13, Iss. 2, (2020): 289-303. DOI:10.14254/2071-789X.2020/13-2/19 .

Moran, Theodore H. 2010. Foreign Direct Investment and Development: Launching a Second Generation of Policy Research: Avoiding the Mistakes of the First, Reevaluating Policies

for Developed and Developing Countries, Peterson Institute for International Economics, 2010 .

Moran, Theodore H., and Lindsay Oldenski. 2010. Foreign Direct Investment: Benefits, Suspicions, and Risks with Special Attention to FDI from China, Peterson Institute for International Economics, 2010.

Musonera, Etienne. 2005. A theoretical model to optimize foreign direct investment inflows: World class manufacturing best practices and spillover effects in value added activities. Wayne State University. ProQuest Dissertations Publishing, 2005. 3168502.

Nanda Puja Rezky. September 2020. A Study of Shadow Economy Activities in Indonesia: A Literature Study. Journal of Business Accounting and Economics Volume 6 No. 2 September 2020 .

Nasir, Maryam; Raza Ali Khan. 2019. Economic Growth, Foreign Direct Investment and Trade Accessibility: Empirical Evidence from SAARC Economies (1996-2017). Journal of Business Strategies; Karachi Vol. 13, Iss. 2, (Dec 2019): 93.

Nathan Jensen, Glen Biglaiser, Quan Li, Edmund Malesky, Pablo Pinto, Santiago Pinto, and Joseph Staats. 2012. Politics and Foreign Direct Investment. University of Michigan Press .

Nguyen, Thi Anh Nhu; Luong, Thi Thuy Huong. 2020. Corruption, Shadow Economy and Economic Growth: Evidence from Emerging and Developing Asian Economies. Montenegrin Journal of Economics; Podgorica Vol. 16, Iss. 4, (2020): 85-94.

Nguyen, Thi Anh Nhu; Luong, Thi Thuy Huong. 2020. Influence of Shadow Economy legalization on national security of Ukraine. Entrepreneurship and Sustainability Issues; Vilnius Vol. 8, Iss. 3, (Mar 2021): 420-437. DOI:10.9770/jesi.2021.8.3(27) .

Nicholls, Daniel. 2012. Foreign Direct Investment: Smart Approaches to Differentiation and Engagement, Taylor & Francis Group, 2012 .

Nikopour, Hesam and Shah Habibullah, Muzafar and Schneider, Friedrich and Law, Siong Hook. University Putra Malaysia UPM. 2009. Foreign Direct Investment and Shadow Economy: A Causality Analysis Using Panel Data .

Nikopour, Hesam and Shah Habibullah, Muzafar and Schneider, Friedrich. Department of Economics, Faculty of Economics and Management University Putra Malaysia (UPM). 2008. The Shadow Economy Kuznets' Curve Panel Data Analysis .

Ninkovic, Jasmine. 2007. Determinants of international flows: An analysis of foreign direct investments and exports. Emory University. ProQuest Dissertations Publishing, 2007. 3298921.

Niyetullayev, Nurlan N; Almonds, Paul. 2014. The Strength of the Relationship Between Shadow Economy and Corruption: Evidence from a Worldwide Country-Sample. Social Indicators Research; Dordrecht Vol. 138, Iss. 3, (Aug 2018): 1119-1143. DOI:10.1007/s11205-017-1696-z .

Nugraha, I Wayan Yasa. 2013. the Impact of Corruption and Money Laundering on foreign Direct Investment in ASEAN. JEKT .

Nwaiwu; Johnson, Nkem; Okoye, Pius VC. 2014. Investment in a volatile economy: the role of national leaders. Journal of Business and Retail Management Research; London Vol. 08, Iss. 2, (Apr 2014).

Omodero, Cordelia Onyinyechi. 2019. EFFECT OF CORRUPTION ON FOREIGN DIRECT INVESTMENT INFLOWS IN NIGERIA. Studia Universitatis ""Vasile Goldis"" Arad. Seria stiinte economice; Arad Vol. 29, Iss. 2, (2019): 54-66. DOI:10.2478/sues-2019-0008 .

Omodero, Cordelia Onyinyechi. 2019. Estimating the Shadow Economy in Jordan: Causes, consequences, and policy implications. Colorado State University. ProQuest Dissertations Publishing, 2011. 3489843.

Oxford University Press, Incorporated, 2006. Making Foreign Investment Safe: Property Rights and National Sovereignty.

Osinubi, T., Amaghionyeodiwe. L. (2009). Foreign Direct Investment and Exchange Rate Volatility in Nigeria. International Journal of Applied Econometrics and Quantitative Studies. 6(2), p. 83-116.

Petersheim, Meredith-Joy. 2010. FDI Contribution to Capital Flows and Investment in Capacity. NBER Working Paper Series; Cambridge, Sep 2002. DOI:10.3386/w9204 .

Pinto, Pablo Martin. 2004. Domestic coalitions and the political economy of foreign direct investment. University of California, San Diego. ProQuest Dissertations Publishing, 2004. 3130413 .

Pradhan, Rudra Prakash. 2010. Trade Openness and Foreign Direct Investment in India: The Globalization Experience. IUP Journal of Applied Finance; Hyderabad Vol. 16, Iss. 3, (Mar 2010): 26-43 .

Quan Li and Adam Resnick. 2003. Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries. International Organizations; Cambridge Vol. 57, Iss. 1, (Winter 2003): 175-211. DOI:10.1017/S0020818303571077 .

Quintano, Claudio; Mazzocchi, Paolo. 2015. The Shadow Economy as a higher order construct inside European governance. Journal of Economic Studies; Glasgow Vol. 42, Iss. 3, (2015): 477-498. DOI:10.1108/JES-07-2013-0103 .

Rajeev K. Goel, James W. Saunoris, Friedrich Schneider. April 2017. Growth in the Shadows: Effect of the Shadow Economy on US Economic Growth over More Than a Century. IZA DP No. 10705 .

Raufhon SALAHODJAEV. Institute of Forecasting and Macroeconomic Research. 2015. Intelligence and Shadow Economy: a Cross-Country Empirical Assessment .

Razin, Assaf, and Ephraim Sadka. 2007. Foreign Direct Investment: Analysis of Aggregate Flows, Princeton University Press, 2007 .

Razin, Assaf. 2002. Foreign Direct Investment and Inflation. Southern Economic Journal; Stillwater Vol. 76, Iss. 2, (Oct 2009): 419-443.

Razin, Assaf. 2003. FDI Flows and Domestic Investment. CESifo Economic Studies; Oxford Vol. 49, Iss. 3, (2003): 415-428.

Remeikiene, R; Gaspareniene, L. 2021. The nexus between unemployment and the Shadow Economy in Lithuanian regions during the COVID-19 pandemic. Journal of International Studies; Szczein Vol. 14, Iss. 3, (2021). DOI:10.14254/2071-8330.2021/14-3/4 .

Saraswati, and Neli Agustina. 2020. The Impact of Human Capital on Shadow Economy in Indonesia. Economics and Finance in Indonesia. Vol. 66 No. 1, June 2020 : 11–24. p-ISSN 0126-155X; e-ISSN 2442-9260

Sayek, Selin. 2009. The Consequences of Shadow Economy And Corruption on Tax Revenue Performance In Nigeria.

Studia Universitatis "Vasile Goldis" Arad. Seria stiinte economice; Arad Vol. 29, Iss. 3, (2019): 64-79. DOI:10.2478/sues-2019-0012 .

Serikov, S G. 2019. The Assessment of Regional Investment Potential with Subject to Non-Observed Economy. IOP Conference Series. Earth and Environmental Science; Bristol Vol. 272, Iss. 3, (June 2019). DOI:10.1088/1755-1315/272/3/032143 .

Shpak, Nestor; Kulyniak, Ihor; Gvozd, Maryana; Pyrog, Olga; Sroka, Włodzimierz. 2021. Shadow Economy and its impact on the public administration: aspects of financial and economic security of the country's industry. Public Management Administration; Bucharest Iss. 36, (2021): 81-101. DOI:10.24818/amp/2021.36-05 .

Skare, Marinko; Cvek, Dajana. 2020. Foreign Direct Investment from Developing Countries and Its Implications for Domestic Investment Rates. Georgetown University. ProQuest Dissertations Publishing, 2016. 10103735.

Smith, Roy C. 2016. Is China the Next Japan? The Independent Review; Oakland Vol. 21, Iss. 2, (Fall 2016): 275-298.

Stephan Dreyhaupt, Persephone Economou, Caroline Lambert, Emanuel Salinas, and World Bank. 2010. World Investment and Political Risk 2010 : FDI and Political Risk in Conflict-affected Countries. World Bank Publications, 2010 .

Surendran, Mahesh. 2002. Money laundering and the Shadow Economy in Kazakhstan. Journal of Money Laundering Control; London Vol. 17, Iss. 2, (2014): 128-140. DOI:10.1108/JMLC-05-2013-0015

Syarifuddin, Ferry. 2019. Dynamics of Foreign Direct Investment and Exchange Rates: ASEAN Interconnection Approach. Bank Indonesia working paper: WP/10/2019.

Tajul and Hussin A. (2010). Institutional Quality as A Determinant for FDI inflows: Evidence from Asean. World Journal of Management. 3, p. 115 – 128.

Thangavelu, SM, Narjoko, D. (2014). Human capital, FTAs and foreign direct investment flows into ASEAN. Journal of Asian Economics. 35(C), p. 65-76.

The Association of Chartered Certified Accountants. June 2017. Emerging from the shadows: The Shadow Economy to 2025.

Trepeski, Predrag; Cvetanoska, Marijana; Kozheski, Kristijan. 2021. THE IMPACT OF FOREIGN DIRECT INVESTMENTS ON ECONOMIC GROWTH AND TRADE: A PANEL APPROACH OF SELECTED WESTERN BALKAN COUNTRIES. Management Research and Practice; Bucharest Vol. 13, Iss. 3, (Sep 2021): 23-31.

Tsai, Kellee S. 2015. The Political Economy of State Capitalism and Shadow Banking in China Issues and Studies, suppl. Special Issue: Mainland China's Reform and Transition? Taipei Vol. 51, Iss. 1, (Mar 2015): 55-97.

UNCTAD, 1999. World Investment Report 2006: Foreign Direct Investment for Developing and Transition Economies. New York: United Nations Publications.

Vasa, L; Angeloska, A. 2020. Foreign direct investment in the Republic of Serbia: Correlation between foreign direct investments and the selected economic variables. Journal of International Studies; Szczein Vol. 13, Iss. 1, (2020). DOI:10.14254/2071-8330.2020/13-1/11 .

White III, George O; Chizema, Amon; Canabal, Anne; Perry, Mark J. 2015. Legal system uncertainty and FDI attraction in Southeast Asia. International Journal of Emerging Markets; Bradford Vol. 10, Iss. 3, (2015): 572-597. DOI:10.1108/IJoEM-11-2013-0184 .

World Bank. Online Data and Statistics. Available online at http://data.worldbank.org/indicator , accessed on October 15, 2021.

Yakova, Nevena. Rutgers. 2004. Foreign direct investment and structural change as factors in transition: A study of Central and Eastern European countries. The State University of New Jersey - Newark. ProQuest Dissertations Publishing, 2004. 3131774.

Yep, Wai Weng; Sarmidi, Graduated; Shaari, Abu Hassan; Said, Fathin Faizah. 2018. Income inequality and Shadow Economy: a nonparametric and semiparametric analysis. Journal of Economic Studies; Glasgow Vol. 45, Iss. 1, (2018): 2-13. DOI:10.1108/JES-07-2016-0137 .

Zhao, Xin; Galinato, Gregmar I; Graciano, Team A. 2019. Understanding foreign direct investment in Indonesia. Journal of International Trade Law & Policy; Bingley Vol. 15, Iss. 1, (2016): 28-50. DOI:10.1108/JITLP-01-2016-0003 .

Zheng, Yu. 2007. Credibility and flexibility: Political institutions and foreign direct investment. University of California, San Diego. ProQuest Dissertations Publishing, 2007. 3268348.

PARTNER SATISFACTION ANALYSIS OF PUBLIC BROADCASTING INSTITUTIONS (LPP) INFLUENCED BY THE QUALITY OF PROGRAMS AND SERVICES AND PRICE (COST) AT TVRI, EAST KALIMANTAN STATION

I Made Kertayasa
Faculty of Economics and Business, Malang Asian Institute of Technology and Business

Theresia Pradiani
Faculty of Economics and Business, Malang Asian Institute of Technology and Business

Agus Rahman Alamsyah
Faculty of Economics and Business, Malang Asian Institute of Technology and Business

Email Correspondence: kertayasa.made84@gmail.com

ABSTRACT

The purpose of this study was to determine 1) the quality of the program has a positive and significant effect on partner satisfaction; 2) service quality has a positive and significant effect on partner satisfaction; 3) price (service fee) has a positive and significant effect on satisfaction with LPP TVRI partners in East Kalimantan. This type of research is a quantitative approach. The number of respondents in this study were 30 partners (collaborating) with the Public Broadcasting Institution (LPP) TVRI East Kalimantan, a purposive sample with the criteria that they had collaborated as partners at least 2 (two) times, and collaborated as partners in 2019 to 2021. The results of this study indicate, among others: 1) The quality of the program has a positive and significant effect on partner satisfaction; 2) Service quality has a positive and significant effect on partner satisfaction; 3) Price (cost) has a positive and significant effect on the satisfaction of LPP TVRI East Kalimantan partners.

KEYWORDS: Program Quality, Service Quality, Price (Cost), Partner Satisfaction.

Introduction

Television of the Republic of Indonesia (TVRI) is a state television that was established on August 24, 1962. TVRI has gone through various phases, through Law Number 32 of 2002 concerning Broadcasting, TVRI was designated as a Public Broadcasting Institution (LPP). LPP is a broadcasting institution in the form of a legal entity established by the state, is independent, neutral, and functions to provide services for the benefit of the community. Based on PP No. 13 of 2005, TVRI's task is to provide healthy information, education and entertainment services, control and social adhesives as well as preserve the nation's culture for the benefit of all levels of society through television broadcasting that reaches the entire territory of the Unitary State of the Republic of Indonesia.

Currently the growth of television is increasing and more and more private television stations are appearing so that competition for advertisements or television and non-television cooperation programs is getting bigger. For this reason, TVRI East Kalimantan tries to maintain the satisfaction of the partnership relationship that has been established so that they continue to exist in partnership with TVRI.

Method

This study uses the following research concept framework:
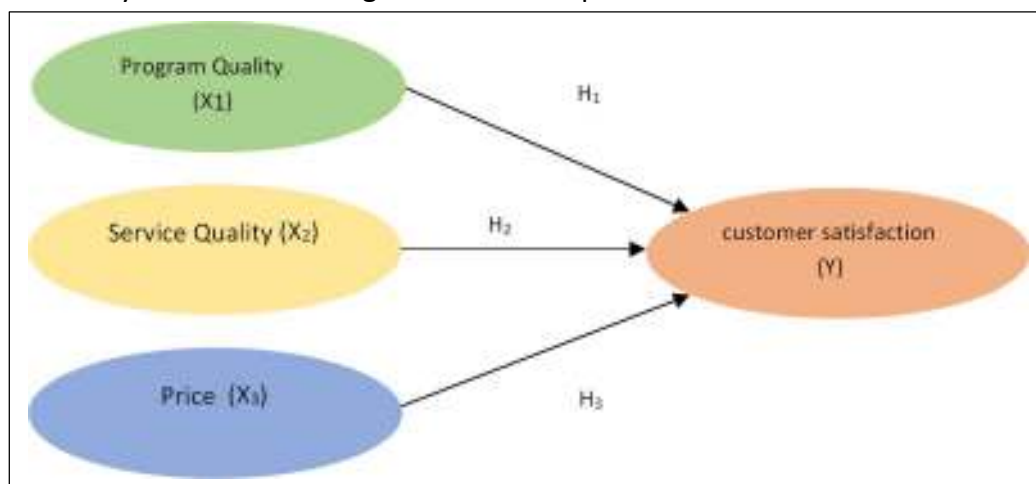
Pricture 1. Research Concept Framework

This study uses a quantitative approach pattern. The technique of determining the number of samples with purposive samples with criteria, has collaborated as partners at least 2 (two) times, and collaborated as partners in 2019 to 2021, from these criteria, the number of samples obtained is 30 partners of Public Broadcasting Institutions (LPP). TVRI East Kalimantan. The data collection methods used include interviews, questionnaires, literature studies.

Result

Table 1. Results of Multiple Linear Regression Analysis

Variable	Regression coefficient (b)	Std. Error (B)	Beta	T_{hitung}	Sig.	Description
Constant	-1.786	0.761		-2.346	0.027	Significant
X1	0.113	0.054	0.338	2.081	0.047	Significant
X2	0.134	0.045	0.445	2.992	0.006	Significant
X3	0.113	0.046	0.227	2.478	0.020	Significant
R (*Multiple* R)	= 0,960					
R *Square*	= 0,921					
R *Square (Adjusted)*	= 0,912					
F count	= 104.667					
Sign. F	= 0,000					
α	= 0,05					

Source: Processed Primary Data (2022)

Based on the results of the F test in table 22. the hypothesis is carried out by the F test, namely simultaneous testing, the Fcount results are 104,667 with a significance value (0.000) which is much smaller than alpha 0.05, so Ho is rejected. This shows that there is a significant influence of marketing mix indicators consisting of Program Quality (X1), Service Quality (X2), and Price (Cost) (X3) on Customer Satisfaction who has become a partner of the East Kalimantan TVRI Public Broadcasting Institution (LPP). . Thus it can be concluded that the diversity of Customer Satisfaction who has become a partner of the Public Broadcasting Institution (LPP) TVRI East Kalimantan is determined by Program Quality (X1), Service Quality (X2), and Price (Cost) (X3) in the regression equation

Y = - 1.786 + 0.113 X1 + 0.134 X2 + 0.113 X3 1

Based on Table 5.22 by taking the significant level (significance) of 5% (0.05), for constants obtained a significance value (p) of 0.027 which is smaller than 0.05, it can be concluded that constants have a significant effect on the regression model. For the variables of Program Quality (X1), Service Quality (X2), and Price (Cost) (X3), the significance values are 0.047, 0.006 and 0.020, which are smaller than alpha 0.05. So it can be concluded that Program Quality (X1), Service Quality (X2), and Price (Cost) (X3) have a partial significant effect on Customer Satisfaction who has become a partner of the East Kalimantan TVRI Public Broadcasting Institution (LPP).

Discussion

1. **Effect of Program Quality Variable (X1) on Customer Satisfaction (Y)**
   Based on the results of the hypothesis test (t test) conducted in this study, it is known that the program quality variable has a positive and significant effect on partner satisfaction. The results of this study support previous studies that discussed the influence of program

quality on customer (partner) satisfaction, namely Dawit Daniel and Nesredin Temam (2017) who examined the influence of quality and various programs and facilities on customer/partner satisfaction. This means that the more programs offered, the more satisfied customers/partners are. Gan Gan Giantika (2017) added that the higher the quality of the broadcasting program, the higher the partner satisfaction will be.

2. **The Influence of Service Quality Variable (X2) on Customer Satisfaction (Y)**

   The results of the hypothesis test (t test) conducted in this study, showed that the service quality variable had a positive and significant effect on partner satisfaction. The results of this study support several previous studies, such as the research of Muhammad Ali Aqsa (2016). which states that service quality has a positive effect on customer (partner) satisfaction, this is also reinforced by the results of similar studies conducted by Teddy Chandra, Martha Ng, Stefani Chandra, et al (2018) and Amanatun Khoirina, Rusdarti, Fahrur Rozi (2020). From previous research, this means that the higher the service provided by an institution to customers/consumers/partners, the higher the level of satisfaction. However, research from Garry Prentice, Joseph Brady, Christopher McLaughlin (2018) states that service quality does not directly affect student satisfaction. Because the quality of service in this study does not directly affect customer/partner satisfaction, this becomes a research gap in this study.

3. **The Effect of Price (Cost) Variable (X3) on Customer Satisfaction (Y)**

   The results of hypothesis testing conducted in this study indicate that the price (cost) variable has a positive and significant effect on partner satisfaction. These results support several previous studies, as written by Amanatun Khoirina, Rusdarti, Fahrur Rozi (2020) stating that there is a positive and significant effect of cost on customer satisfaction. In his research, the conclusion obtained is that the more affordable the cost, the higher the customer/partner satisfaction. Slightly different from the results of previous research by Nyoman Surya Wijaya, Syahnur Said, Nengah Landra (2017) which states that price (cost) has a positive and significant effect on customer/partner/consumer satisfaction. In this study it can be interpreted that an increase in costs can have an impact on increasing customer/partner satisfaction. Meanwhile, research conducted by Titim Nurlia (2019) found different results that price (cost) had no effect on customer/partner satisfaction.

Conclusion

1. The quality of service that is supported by question items has an effect on partner satisfaction, especially for TVRI partners in East Kalimantan. This means that if the quality of service is improved, it will also be followed by high partner satisfaction.
2. The Service Quality Variable compared to the other two variables shows the greatest effective contribution to Customer Satisfaction who has become a partner of the TVRI East Kalimantan Public Broadcasting Institution (LPP), which means that if the quality of service

to partners can be improved, there will be an increase in customer satisfaction which in the end impact on increasing the number of partners and income.

3. Program quality must be a special concern in addition to service quality, the results of testing on effective contributions also show the contribution of Program Quality to service satisfaction is in second place, this means that LPP TVRI East Kalimantan must always maintain and improve program quality, especially competition from LPP TVRI East Kalimantan. will be getting tougher with today's many media choices.

Reference

Aqsa, Muhammad Ali. 2016. "Pengaruh Kualitas Pelayanan Terhadap Kepuasan Konsumen Pada Program Bursa Niaga Di PT Riau Media Televisi."

Chandra, Teddy, et al. 2018. "The Effect of Service Quality on Student Satisfaction and Student Loyalty : An Empirical Study." *Journal of Social Studies Education Research* 9(3):109–31.

Daniel, Dawit. Temam, Nesredin. 2017. "Determinants of Higher Education Student Satisfaction: Evidence from Dire Dawa University, Ethiopia." *Journal of Marketing and Consumer Research* 33.

Giantika, Gan Gan. 2015. "Pengaruh Kualitas Penyiaran Dan Kemasan Program Terhadap Kepuasan Menonton Program Musik Inbox SCTV (Studi Kasus Mahasiswa BSI Pemuda Rawamangun)." *Jurnal Komunikasi* 7(2).

Khoirina, Amanatun, et al. 2020. "Determinant of Students' Academic Satisfaction." *Journal of Economic Education* 9(1):46–54.

Prentice, Dr. Garry, et al. n.d. "Education Service Quality, Value, and Satisfaction on Student Customer Intensions and Behaviour."

Nurlia, Titim. 2019. "Pengaruh Kualitas Pelayanan, Harga, Dan Citra Merek Terhadap Kepuasan Mahasiswa." *Jurnal Lentera Bisnis* 8(2). doi: 10.34127/jrlab.v8i2.289.

Wijaya, Nyoman Surya, et al. 2016. "Pengaruh Kualitas Layanan Akademik Dan Harga (Biaya Pendidikan) Terhadap Word of Mouth Melalui Kepuasan Mahasiswa Sebagai Variabel Intervening (Studi Pada LPK Sekolah Perhotelan Bali)." 6(2).

THE EFFECT OF WORK MOTIVATION, WORK DISCIPLINE AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT RAMPIS MSME BANG RADEN MALANG CITY

Dewinta Yuliana

Manajemen Bisnis, Institut Teknologi dan Bisnis ASIA, Indonesia

Dr. Ike Kudsyah R, S.E., MM

Dosen Magister Manajemen, Institut Teknologi dan Bisnis ASIA, Indonesia

Dr. Fathorrahman, S.E., M.M

Dosen Magister Manajemen, Institut Teknologi dan Bisnis ASIA, Indonesia

Email Correspondence: dewintayuliana97@gmail.com

ABSTRACT

The purpose of the study was to determine the effect of work motivation, work discipline, work environment and the effect of these three variable simultaneously on employee performance at the Rampis Bang Raden SMEs Malang City. The population in the study were all employees of the MSME Rampis Bang Raden Malang City, namely a number of 40 employees. The sample was determined based on the multiple linear regression analysis method. Based on saturated sampling all employees are used as samples. This study uses quantitative types, and Non Probability Sampling data analysis techniques used are questionnaire validity test instruments, reliability tests, classical assumptions test using residual normality test, multicollinearity test, heteroscedasticity test, linearity test, descriptive analysis, multiple linear regression analysis, coefficient of determination, and hypothesis testing using t test and f test. The results showed that work motivation, work discipline, work environment and the three variable simultaneously had a significant effect on employee performance at Rampis Bang Raden Malang City, which means that the greater the work motivation, the higher the work discipline and the more conducive the work environment, the greater the employee performance employees.

KEYWORDS: Work Motivation, Work Discipline, Work Environment And Employee Performance

THE EFFECT OF WORK MOTIVATION, WORK DISCIPLINE AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT RAMPIS MSME BANG RADEN MALANG CITY

Introduction

One of the sectors hardest hit by the Covid-19 pandemic is Micro, Small, and Medium Enterprises (MSMEs), which are also driving the decline in the national economy. This is understandable because MSMEs have a very large contribution to the national economy. The simplicity that exists in the production process, resources, and production processes that are still on a small and local scale have proven to make MSMEs successful in continuing to operate and move in the midst of a pandemic or crisis. In Indonesia, MSMEs have shown positive developments every year. This means that this type of business is still in great demand by the community as their livelihood.

The role of human resources in MSMEs is the main one because they act as the main driver of all activities or activities in achieving goals as well as to gain profits and to maintain the survival of MSMEs. MSMEs are required to always manage the human resources in them so that the survival and progress of MSMEs can be achieved optimally (Rosiana et al, 2016). Human resources who currently play an important role in the movement of MSMEs are employees. Currently, the ability of employees is inadequate, both in terms of their intellectual abilities and technical skills. Whereas employees are a very important part for MSMEs, because of the talent, energy and creativity needed by MSMEs to achieve their goals. Employees are also always required to have good performance at work in order to improve business competitiveness.

Rampis Bang Raden is an MSME snack food processing banana rambak which was established in the city of Malang in 2018 which was founded by two people, namely Mr. Umar Harris and Mr. Alfan Zuhri. , Sukun sub-district, Malang City and the location of the factory is located in Wonosari Village, Gunung Kawi, Malang Regency. The banana rambak commodity which is processed in the MSME factory using the vacuum frying method and the rampis bang Raden is also committed to producing healthy snacks without preservatives and is committed not to use palm oil as its production process and to replace palm oil with VCO oil which is relatively healthier when consumed.

Based on information from the MSMEs of Rampis Bangaden, Malang City, it is related to employee performance in the form of production targets and realization. The production target and realization of MSMEs in Bangaden Malang City in 2018-2021 can be seen in the table which also shows that the production target is always changing, because the production target is based on the demand received by MSMEs.

The performance of employees in the MSMEs, Bang Raden, Malang, the production target is not able to be achieved optimally. This happened because the motivation for work in the MSMEs, Raden Kotamalang, was also still lacking in motivation from the leadership, therefore many employees were not enthusiastic about working. In addition, work discipline is also lacking, because there are still many employees who often do not come to work. Besides

motivation and work discipline, the work environment is also often a problem because it is dirty, especially in the packaging, air temperature, lighting, safety at work and also the noise of the engine.

The phenomenon of employee performance in the MSME Rampis Bang Raden Malang City can refer to the results of the realization of production which always fluctuates in production over a period of 4 years. The performance of employees in MSMEs has not been maximized because in 4 years the production between targets and realizations is always different, where some achieve the target and some do not reach the target. This difference can be seen in the difference that occurs in each year of production.

The phenomenon of work motivation in the MSME Rampis Bang Raden Malang, namely the occurrence of production differences in indications of declining or poor performance owned by employees. The decline in performance can be influenced by several things, one of which is work motivation. Indeed, MSMEs do not yet have special resources to increase motivation. This is what is unique why motivation is an important variable to study.

The phenomenon of work discipline that exists in the MSMEs of Rampis Bangaden, Malang City, namely the MSMEs in time and schedules are often not well organized. This MSME also does not have a detailed time and schedule. Therefore, work discipline needs to be revealed how it relates to employee performance. The phenomenon of the work environment in the MSMEs, Bang Raden, Malang, is generally still very traditional. Traditional means having a simple room and simple noise control.

The phenomenon of the work environment that exists in the MSMEs of Rampis Bangaden, Malang City, namely the MSMEs, the environment around the workplace gives an uncomfortable impression, employees feel lazy to work, for a good work environment includes several aspects that must be considered, for example a comfortable work space, safe environmental conditions , fixed room temperature, there is adequate lighting, room paint colors, good relations with co-workers.

And based on the production target report, it is known that the performance of the Rampis Bang Raden MSME is still not optimal in this case regarding the target and the number of realizations of the Rampis Bang Raden number of production in 2018-2021. This can be seen in the realization of production that does not meet the target and even the MSME production target fluctuates. This fact shows that employees have not been optimally in MSMEs so that they have not been able to provide maximum support in achieving employee performance. Researchers are interested in revealing the extent to which work motivation, work discipline, and work environment affect employee performance so that the production target with realization is always not achieved. Based on the phenomenon and review of this research, the authors take the title "The Influence of Work Motivation, Work Discipline and Work Environment on Employee Performance at MSME Rampis Bang Raden Malang City"

THE EFFECT OF WORK MOTIVATION, WORK DISCIPLINE AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT RAMPIS MSME BANG RADEN MALANG CITY

PROBLEM FORMULATION

Based on the background described previously, the discussion can be formulated as follows:

1. Is there an effect of work motivation on employee performance at the MSME Rampis Bang Raden Malang City?
2. Is there an effect of work discipline on employee performance at the MSME Rampis Bang Raden Malang City?
3. Is there any effect of the work environment on employee performance at the MSME Rampis Bang Raden Malang City?
4. Is there a simultaneous influence of work motivation, work discipline and work environment on employee performance at MSME Rampis Bang Raden Malang City?

RESEARCH OBJECTIVES

Based on the results of the formulation of the problem described above, it can explain the following objectives:

1. To determine the effect of work motivation on employee performance at the MSME Rampis Bang Raden Malang City.
2. To find out the effect of work discipline on employee performance at MSMEs Rampis Bang Raden Malang City.
3. To find out the effect of the work environment on employee performance at MSMEs, Rampis Bang Raden, Malang City.

4. To determine the effect of work motivation, work discipline, and work environment on employee performance at MSMEs Rampis Bang Raden Malang City.

LITERATURE REVIEW

The previous studies that will be discussed are the results of studies that have been carried out which will be the reference for this research. These studies are related to the influence of work motivation, work discipline and work environment on employee performance at Rampis bang raden SMEs and the relationship between the four variables.

1. Agus Dwi Cahya, Novia Tri Ratnasari and Yudi Prasetya Putra (2021) The results showed that the positive and significant influence of the work environment on employee performance. And work stress and work motivation have no significant effect on employee performance. while the work environment, work stress and work motivation simultaneously have a positive and significant effect on employee performance in the online new fruit case study in Yogyakarta.
2. Novia Anggita Rahmawati (2021) The results of this study indicate that there is a positive and significant influence between the variables of communication, work environment, and discipline on employee performance based on the normality test of the classical assumption test.
3. Priangga Eko S (2017) The results showed that simultaneously the variables of work discipline, leadership style and work motivation had a significant effect on employee

performance at the Pringgo Kusuma Kabat batik house. Meanwhile, the influence of work discipline, leadership style and work motivation have a significant effect on employee performance at the Pringgo Kusuma Kabat Batik House.

4. Titi Ananingrum and Ari Pradhanawati (2019) The results show that the motivation variable has a positive influence on employee performance of 0.852. Skills have a positive effect on employee performance of 0.853. Compensation has a positive effect on employee performance of 0.615.

5. Fiansi and Sarifuddin (2019) The results of the study state that: Work motivation has a significant effect on employee performance, then the work environment has a significant effect on employee performance, and finally work motivation and work environment simultaneously have a significant effect on employee performance.

6. Sulfitriah and Eti Arini Rizka (2021) The results of the first study of HR development have a positive and significant effect on employee performance, the results of the second study of motivation have a positive and significant effect on employee performance, the results of the third study of work discipline have a positive and significant effect on employee performance, while the results of the fourth study Human Resources Development, Motivation and Work Discipline simultaneously or together have a positive and significant impact on Employee Performance at the Mina Lestari Marga Sakti Fish Group UKM.

7. Rina Supryanita and Mela Munizar (2020) The results obtained are that motivation and work discipline have a positive and significant effect on the performance of employees at the Department of Trade, Cooperatives, and Small and Medium Enterprises, Fifty Cities Regency, West Sumatra Province.

8. Andari (2016) The results show that leadership and work environment have a significant effect on the performance of the employees of the cooperatives and MSMEs in Banten province. While the results of the research leadership and work environment simultaneously have a significant influence on the performance of the employees of the Department of Cooperatives and SMEs in Banten province.

9. Nur Qomariah (2016) The results of this study show that jointly and partially the variables of partnership, work environment and motivation have a significant effect on employee performance at MSMEs in Bangil sub-district.

10. Huzaemah (2019) The results of this study state that work motivation, human resource development and work discipline have a significant effect on employee performance at the cooperative and MSME service in Parigi Moutong Regency.

Method

This research was conducted using a quantitative approach. This research was carried out at the Rampis Bang Raden MSME office, Malang City, which is located at Jalan Tanjung, Tanjungrejo Village, Sukun District, Malang City. The population in this study were all employees in the MSME Rampis Bang Raden Malang, which amounted to 40 people. The sample used is a saturated sampling technique (census). The data collection process is

determined by the variables in the hypothesis. Data collection comes from two components, including: primary data, namely data collected and processed by researchers directly from the subject or object of research. secondary data, namely data obtained not directly from the object or research subject. by using SPSS version 23 program.

Result

Tabel 1 Respondents Table Based on Gender

No	Information	Total	Percentage
1	Male	24 People	60%
2	Female	16 People	40%
Total		**40 People**	**100%**

From the table above, it can be concluded that the percentage of male workers is higher because most of the men have more power as production workers. Meanwhile, female workers are mostly in packaging. This is because it takes a very thorough workforce in examining banana rambak.

Tabel 2 Respondents Based on Education

No	Information	Total	Percentage
1	SMA or equivalent	34 People	85%
2	SMP or equivalent	6 People	15%
Total		**40 People**	**100%**

This, it is known that 85% of respondents in the Rampis Bang Raden MSME are mostly high school graduates or equivalent. Because high school graduates or equivalent have a work ethic, experience and broad insight than junior high school graduates or equivalent and better innovation than him.

Tabel 3 Respondents Based on Age

No	Information	Total	Percentage
1	25 – 30 Years	15 People	37.5%
2	31 – 40 Years	25 People	62.5%
Total		**40 People**	**100%**

The conclusion from the table above states that the 40 respondents of MSME Rampis Bang Raden are mostly from the age of 31-40. This is because the age of 31-40 is a productive age in a career, so that they are considered capable of thinking and acting as well as being responsible for the work that is their duty and family, because at that age the average person is already married and has a household.

Tabel 3 Respondents Based on Age

No	Information	Total	Percentage
1	1 – 2 Years	26 People	65%
2	3 – 4 Years	14 People	35%

Total	40 People	100%

From the table above, it can be concluded that the working period of more respondents is 1-2 years because this business is just starting and will only develop so that there are new employees.

Tabel 4 X1 . Validity Test Table

Variabel/ Item Motivasi kerja (X1)	r-hitung	r-tabel	Keterangan
X1.1	0,777	0,312	Valid
X1.2	0,720	0,312	Valid
X1.3	0,848	0,312	Valid
X1.4	0,874	0,312	Valid
X1.5	0,827	0,312	Valid
X1.6	0,699	0,312	Valid
X1.7	0,764	0,312	Valid
X1.8	0,694	0,312	Valid
X1.9	0,807	0,312	Valid
X1.10	0,853	0,312	Valid
X1.11	0,797	0,312	Valid
X1.12	0,668	0,312	Valid
X1.13	0,853	0,312	Valid

Tabel 5 X2 Validity Test Table

Variabel/ Item Disiplin kerja (X2)	r-hitung	r-tabel	Keterangan
X2.1	0,681	0,312	Valid
X2.2	0,400	0,312	Valid
X2.3	0,632	0,312	Valid
X2.4	0,604	0,312	Valid
X2.5	0,632	0,312	Valid
X2.6	0,732	0,312	Valid
X2.7	0,532	0,312	Valid
X2.8	0,564	0,312	Valid
X2.9	0,561	0,312	Valid
X2.10	0,584	0,312	Valid
X2.11	0,612	0,312	Valid

Tabel 6 X3 . Validity Test Table

Variabel/ Item Lingkungan kerja (X3)	r-hitung	r-tabel	Keterangan
X3.1	0,508	0,312	Valid
X3.2	0,441	0,312	Valid
X3.3	0,655	0,312	Valid
X3.4	0,618	0,312	Valid
X3.5	0,349	0,312	Valid
X3.6	0,508	0,312	Valid
X3.7	0,459	0,312	Valid
X3.8	0,493	0,312	Valid
X3.9	0,585	0,312	Valid
X3.10	0,354	0,312	Valid

Tabel 7 Y Validity Test Table

Variabel/ Item Kinerja (Y)	r-hitung	r- tabel	Keterangan
Y1	0,313	0,312	Valid
Y2	0,681	0,312	Valid
Y3	0,681	0,312	Valid
Y4	0,418	0,312	Valid
Y5	0,428	0,312	Valid
Y6	0,713	0,312	Valid
Y7	0,494	0,312	Valid
Y8	0,362	0,312	Valid
Y9	0,671	0,312	Valid
Y10	0,451	0,312	Valid

Based on the results of the validity test of the four variables, it can be seen that each question on the variable shows significant results by knowing the calculated r value of the SPSS output results is greater than r table. The results of observations of 10 items indicate that the calculated r value is greater than r table so that each statement submitted is valid in the measurement.

Tabel 8 Reliability Test Table

Variabel	Cronbach Alpha	Keterangan
Motivasi Kerja (X1)	0.947	Reliabel
Disiplin Kerja (X2)	0.817	Reliabel
Lingkungan Kerja (X3)	0.663	Reliabel
Kinerja (Y)	0.711	Reliabel

Based on the table above, the results of the reliability test of the four variables can be seen that the Cronbach Alpha value for the four items is > 0.60, it can be concluded that the four items of the questionnaire are reliable.

Figure 1 Normality Test
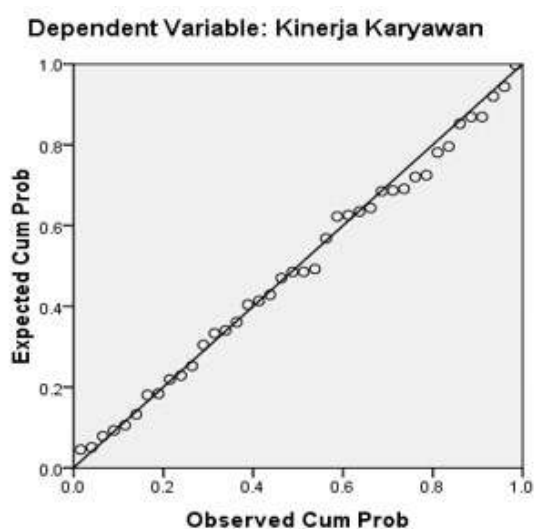
Based on the picture above, it is known that the distribution pattern of the data points follows the direction of the diagonal line, therefore, it can be concluded that the data tested in this study were normally distributed.

Table 9 Multicollinearity

Variabel	Tolerance	VIF	Keterangan
Motivasi kerja	0.270	3.698	Tidak terjadi multikolinieritas
Disiplin kerja	0.164	6.082	Tidak terjadi multikolinieritas
Lingkungan kerja	0.265	3.771	Tidak terjadi multikolinieritas

Results of the multicollinearity test can be seen that the data indicated by the value of work motivation tolerance (X1), work discipline (X2), and work environment (X3) are 0.270, 0.164, and 0.265, respectively. The VIF value of the work motivation variable (X1) is 3.698 < 10.00, the work discipline variable (X2) is 6.082 < 10.00, and the work environment variable (X3) is 3.771 < 10.00. Referring to the basis of decision making in the multicollinearity test, it can be concluded that there is no multicollinearity symptom in the regression model. This means that this regression model found a correlation (strong relationship) between independent variables or independent variables on the dependent variable or dependent variable.

Tabel 10 Heteroscedasticity Test

Results in the table above show that the sig value of each independent variable on the absolute residual value is > 0.05, which means that there are no symptoms of heteroscedasticity in this study.

Tabel 11 Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.951a	.904	.896	.98882

a. Predictors: (Constant), Ln_Motivasi_Kerja, Ln_Disiplin_Kerja, Ln_Lingkungan_Kerja
b. Dependent Variable: Kinerja Karyawan

Based on the table above, the regression coefficient value (R-square) is 0.904. It means that the ability of the independent variable model in explaining the variance of the dependent variable is 90.4 percent. There is 9.6 percent (100 percent – 90.4 percent) of the variance of the dependent variable which is explained by factors other than work motivation, work

discipline and work environment. Based on this interpretation, it appears that the R-square value is between 0 and 1. The R-square value is closer to 1, the stronger the effect. This figure means that the work motivation variable (X1), work discipline variable (X2), and work environment variable (X3) simultaneously or together have an influence on employee performance variable (Y) by 90.4 percent, while the remaining 9 ,6 percent is influenced by other variables outside this regression equation or variables that are not examined.

Table 12 Multiple Linear Regression Analysis Results

Y = 5.326 + 0.145 X1 + 0.216 X2 + 0.260 X3 + 2.375 1

Based on the results of multiple linear regression analysis through SPSS version 23 calculations above, it can be concluded as follows:

1. The constant of 5.326 means that if the variables of work motivation (X1), work discipline (X2), and work environment (X3) are 0, then the resulting employee performance value is 5.326 assuming other variables that can affect employee performance are considered constant.
2. The regression coefficient of motivation variable (X1) is 0.145 which states that each additional work motivation variable (X1) is 1 unit, it will increase employee performance (Y) by 0.145 with the assumption that other variables have a fixed value.
3. The regression coefficient of the work discipline variable (X2) of 0.216 states that for each additional work discipline variable (X2) of 1 unit, there will be an increase in the performance (Y) of the Rampis Bang Raden employees of Malang city of 0.126 with the assumption that other variables have a fixed value.
4. The regression coefficient of the work environment variable (X3) of 0.260 states that for each additional work environment variable (X3) of 1 unit, it will increase the performance (Y) of the Rampis bang raden employee in Malang by 0.260 with the assumption that other variables have a fixed value.

Discussion

Table 13 Hypothesis Test Results

The first test is to determine the effect of work motivation on employee performance. The first hypothesis in this study states that work motivation has a significant effect on employee

performance. From the results of the t test in Table 5.21, it shows the results of work motivation (X1) t count > t table (3.570 > 2.028) and (sig < a = 0.001 < 0.05) it states that there is a significant influence of work motivation variable (X1) on the performance of employees (Y) at MSMEs, bang raden, so that the first hypothesis is accepted.

The second test is to determine the effect of work discipline on employee performance. The second hypothesis in this study states that work discipline has a significant effect on employee performance. From the results of the t test in the table shows the results of work discipline (X2) t count > t table (3.460 > 2.028) and (sig < a = 0.001 < 0.05) it states that there is a significant effect of work discipline variable (X2) on performance employee (Y) at UMKM is lean, bang raden, so the second hypothesis is accepted.

The third test is to determine the effect of the work environment on employee performance. The third hypothesis in this study states that the work environment has a significant effect on employee performance. From the results of the t test in Table 5.21, it shows the results of the work environment (X3) t count > t table (5,357 > 2,028) and (sig < a = 0.000 < 0.05) it states that there is a significant effect of the work environment variable (X3) on the performance of employees (Y) at the Umkm rampis bang raden, so the third hypothesis is accepted.

Conclusion

After the researchers conducted a discussion on work motivation, work discipline and work environment affecting employee performance, the researchers in this chapter will try to draw a conclusion. Based on the description that the author has put forward in the previous chapter, it can be concluded that, among others:

1. Work Motivation Has a Significant Influence on Employee Performance at Rampis Bang Raden MSMEs, Malang City.
2. Work Discipline Has a Significant Effect on Employee Performance at the Rampis Bang Raden MSME, Malang City.
3. Work Environment Has a Significant Influence on Employee Performance at MSME Rampis Bang Raden Malang City.
4. Work motivation, work discipline and work environment have a significant effect simultaneously (simultaneously) on employee performance at the Rampis Bang Raden UMKM, Malang City.

The suggestions that are expected to be used as inputs include:

1. Respondents in this study are very limited because they only use production department employees so that further research can examine the characteristics of employee respondents in other fields in the Rampis Bangraden environment, because each characteristic has a different response. It is hoped that further research can use other

methods to get a different point of view, so that this research will provide additional suggestions for Rampis Bang Raden.

2. Rampis Bang Raden is expected to continue to make improvements and improvements internally so that they are able to improve and maintain their quality in terms of managing their employees properly and optimally.

Reference

A.S, Munandar.(2001). Psikologi Industri dan Organisasi.Jakarta : UI.

Agus Dwi Cahya, Novia Tri Ratnasari Dan Yudi Prasetya Putra, 2021. Pengaruh Lingkungan Kerja, Stress Kerja Dan Motivasi Kerja Terhadap Kinerja Karyawan (Studi Kasus Umkm Buah Baru Online (BBO) Digamping Yogyakarta). JBE Vol. 6 , No. 2., Agustus 2021, pp: 71 – 83.

Ahyari, 2010. Dasar-Dasar Manajemen. Edisi I Jilid Dua,Yogyakarta : BPFE.

Alex S. Nitisemito, (1992), Manajemen dan Sumber Daya Manusia, BPFE UGM, Yogyakarta.

Allen dan Meyer, 2013, Measurement of Antecendents of Affective, Continuance and Normative commitment to Organizational. Journal of Occupational Psychology . 63: 1-8

Altindis, S. (2011). Job Motivation and Organizational Commitment Among The Health Professionals: A Questionnaire Survey. African Journal of Business Management 5(21), 8601-8609

Amriany, F. Probowati, dan Atmadji.(2004). Iklim Organisasi yang Kondusif Meningkatkan Kedisiplinan Kerja.Anima Indonesian Psychological Journal, Vol 19.No.2., 179-193. Fakultas Psikologi, Universitas Surabaya

Andari, 2016. Pengaruh Kepemimpinan Dan Lingkungan Kerja Terhadap Kinerja Pegawai Dinas Koperasi Dan Umkm Provinsi Banten. Jurnal Sains Manajemen Volume.2 No.2 Jun 2016

Anwar Prabu Mangkunegara. 2007.Manajemen Sumber Daya Manusia Perusahaan. Bandung : Remaja Rosda.

Avianda, Nova. 2015. "Bentuk dan Fungsi Tindak Tutur Slogan Varian Iklan Pond‟s Di Televisi Swasta". Dalam Jurnal JJPBS.Vol. 3, No. 1.Diakses pada tanggal 20 Desember 2015.

Ayub, N. & Rafif, S. (2011). The Relationship between work motivation and job satisfaction. Pakistan Business Review (2011), 332-347

Dessler, Gary. 2007. Manajemen Sumber Daya Manusia Jilid I. Indeks.

Fadillah Bayu, Handoyo Djoko Dan Agung Budiatmo. 2013. "Pengaruh Motivasi Dan Lingkungan Kerja Terhadap Produktivitas Karyawan Melalui Kepuasan Kerja Karyawan Produksi Bagian Jamu Tradisional Unit Kaligawe PT. Njonja Meneer Semarang". Diponegoro Journal Of Social And Politic Tahun 2013, Hal. 1-9

Fiansi Dan Sarifuddin T, 2019. Pengaruh Motivasi Dan Lingkungan Kerja Terhadap Kinerja Pegawai Pada Dinas Koperasi Dan Umkm Kabupaten Tolitoli. Jurnal Sinar Manajemen ISSN 2337-8743 ISSN 2598-398X Artikel IX Volume 6, Nomor 2, 2019.

Gomes, F.C. (2003). Manajemen Sumber Daya Manusia. Yogyakarta : ANDI.

Hasibuan, M.S.P. (2006). Manajemen Sumber Daya Manusia. Jakarta : Bumi Aksara.

Hasibuan, Malayu S.P. 2009. Manajemen Sumber Daya Manusia. Jakarta: PT. Bumi Aksara.

Hasibuan, Malayu SP. (2010). Manajemen Sumber Daya Manusia. Jakarta: PT Bumi. Aksara.

Huzaemah, 2019. Pengaruh Motivasi Kerja, Pengembangan Sumber Daya manusia Dan Disiplin Kerja Terhadap kinerja Pegawai Dinas Koperasi Dan Umkm Kabupaten Parigi Moutong. ISSN: 2302-2019, Vol. 7 No. 1 Maret 2019 Hal. 33-41

I.G, Wursanto. 1995. Dasar – dasar Manajemen Personalia. Jakarta. Pustaka Dian.

Jerry Wyckoff dan Barbara C. Unel. 1990. Discipline Without Shouting Or Spanking: Practical Solutions to the Most Common Preschool Behavior Problems. New York: MJF Books

Lee, S.Y. & Brand, J.L. (2005). Effects of Control Over Office Workspace on Perceptions of The Work Environment and Work Outcomes. Journal of Environmental Psychology 25, 323–333

Moeheriono. 2012. "Pengukuran Kinerja Berbasis Kompetensi". Jakarta: Raja Grafindo Persada

Munandar. 2001. Perilaku Organisasi. Jakarta : Cipta Karya.

Nitisemito, Alex, S. 2011. Manajemen Personalia Cetakan Keempat Belas. Edisi Kelima. Jakarta: Ghalia Indonesia.

Nitisemito, dan Alex.2010. Manajemen Personalia Manajemen Sumber Daya Manusia. Edisi Ketiga. Ghalia Indonesia. Jakarta.

Noah, Y. & Steve, M. (2012). Work Environment and Job Attitude Among Employees in A Nigerian Work Organization. Journal of Sustainable Society 1(2), 36- 43.

Novia Anggita Rahmawati, 2021. Pengaruh Komunikasi, Lingkungan Kerja, Dan Kedisiplinan Terhadap Kinerha Karyawan (Studi Kasus Pada Umkm Arumanis Haji Ardi Berbah). Jurnal Manajemen Diversivikasi Vol. 1.No. 3 (2021).

Nur Qomariah, 2016. Pengaruh Program Kemitraan, Lingkungan Kerja Dan Motivasi Terhadap Kinerja Karyawan Umkm Di Kecamatan Bangil. Jurnal Riset Ekonomi dan Manajemen Vol 16, No. 1, Jan – Jun 2016, Hal. 145-159.

Priangga Eko S, 2017. Pengaruh Disiplin Kerja Dan Gaya Kepemimpinan Serta Motivasi Kerja Terhadap Kinerja Karyawan Pada Rumah Batik Pringgo Kusumo. 824 Vol. 5, No. 1, April 2017:820-828.

Rahadi, Dedi Rianto. 2010. Manajemen Kinerja Sumber Daya Manusia. Malang: Tunggal Mandiri Publishing.

Rina Supryanita Dan Mela Munizar, 2020. Pengaruh Motivasi Dan Disiplin Kerja Terhadap Kinerja Karyawan Di dInas perdagangan, Koperasi Dan Usaha Kecil Menengah Kabupaten lima Puluh Kota Provinsi Sumatera Barat. Jurnal Bonanza: Manajemen dan Bisnis 1(2) November 2020 (110-126)

Rivai Dan Ella Sagala, (2013), Manajemen Sumber Daya Manusia Untuk Umkm, Rajawali Pers, Jakarta.

Rivai Vithzal & Sagala, Ella Jauvani. Manajemen Sumber Daya Manusia untuk Perusahaan. Jakarta, PT. Raja Grafindo. 2010

Rivai, Veithzal. 2005. System yang Tepat Untuk Menilai Kinerja Karyawan. Jakarta: Raja Grafindo Persada.

Robbins, Stephen P. (2003). Perilaku Organisasi. Jakarta: PT.Indeks Kelompok GRAMEDIA.

Rosiana, Gusti Ayu Made Ervina dkk. 2013. Pengaruh Pengungkapan CSR terhadap Nilai Umkm dengan Profitabilitas sebagai Variabel Pemoderasi. E-Jurnal Akuntansi Universitas Udayana, 5 (3): 723 – 738

Rumengan, L.T., Mekel, P.A., 2015. Analisis Lingkungan Kerja Terhadap Kinerja Pegawai pada Fakultas Ekonomi dan Bisnis UNSRAT Manado. J. EMBA Vol. 3, 10.

Samsudin. 2005. Manajemen Sumber Daya Manusia. Bandung Pustaka Setia.

Sani, Ahmad. Maharani, Vivin. 2013. Metodologi Penelitian Manajemen Sumber Daya Manusia : Teori, Kuesioner, dan Analisis Data. Malang: Uin Press.

Sastrohadiwiryo, B, Siswanto. 2003. Manajemen Tenaga Kerja. Sinar Baru.Bandung.

Siagian M.P.A, Sondang P. 2002. Kiat Meningkatkan Produktivitas Kerja, Jakarta: PT Asdi Mahasatya.

Siagian Sondang P., 2002. Kiat Meningkatkan Produktivitas Kerja, Cetakan Pertama, PT. Rineka Cipta, Jakarta.

Siswanto Sastrohadiwiryo. 2003. Manajemen Tenaga Kerja Indonesia, Pendekatan Administrasi dan Operasional. Jakarta: Bumi Aksara.

Sugiyono. (2017). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung : Alfabeta, CV.

Sulfitriah Dan Eti Arini, 2021. Analisis Pengembangan Sumber Daya Manusia, Motivasi Dan Disiplin kerja Terhadap Kinerja Karyawan Pada Ukm Budi Daya Kelompok Ikan Mina Lestari Desa Marga Sakti Kecamatan Padang Jaya. Jurnal Manajemen Modal Insani Dan Bisnis ISSN 2723-424X Vol.2 No.2 Des 2021. Website: www. jurnal.imsi.or.id.

Sutrisno, Edi. 2009. Manajemen Sumber Daya Manusia Edisi pertama. Jakarta: Kencana Prenada Media Group

Taiwo, A.S. (2010). The Influence of Work Environment on Workers Productivity: A Case of Selected Oil and Gas Industry in Lagos, Nigeria. African Journal of Business Management 4 (3), 299-307

Takasenseran, M. C., Mandey, S. L., & Kojo, C. (2014). Factor for Employees Efectiveness Specially At Public Organization , Which Make Leader Have To Pay Attention By Giving a Condusif Work Environment for Employees To Make Positif and Good Relationship With the Leader . Jurnal Pengaruh Lingkungan Kerja, 2(3), 1726–1736.

Titi Ananingrum Dan Ari Pradhanawati, 2019. Pengaruh Motivasi, Keterampilan, Dan Kompensasi Terhadap Kinerja Karyawan (Studi Kasus Pada Umkm Kain Tenun Ikat House Of Hoeda's Desa Troso Kabupaten Jepara)

Veithzal Rivai Zainal, Mansyur Ramly, Thoby Mutis, Willy Arafah. 2011. Manajemen Sumber Daya Manusia Untuk Umkm dari Teori ke Praktek.Edisi ketiga.Jakarta : PT Raja Grafindo Persada.

Veronica, V.F., Swasto, B., Djudi, M., 2018.Pengaruh Insentif Karyawan Terhadap Kinerja Karyawan dengan Variabel Mediator Motivasi Kerja (Studi pada Karyawan Bagian Pabrikasi PG Kebon Agung Malang).J. Adm. Bisnis Vol. 55, 7.

Wibowo .2014 . Manajemen Kinerja . Edisi Keempat. Jakarta : Rajawali Pers

Zainal, V.R., Mansyur. M. Ramly, T. Mutis, dan W. Arafah. 2015. Manajemen Sumber Daya Manusia Untuk Perusahan dari Teori ke Praktik. Edisi Keenam. PT Raja Gravindo Persada. Jakarta.

DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (UMKM) BASED ON ISLAMIC BANKING IN THE CHIP INDUSTRY IN KELAYAN VILLAGE, SOUTH BANJARMASIN SUB-DISTRICT, BANJARMASIN CITY

Muhammad Irhami

Master of Management Program, Postgraduate Program, Asian Institute of Technology and Business Malang

Email Correspondence: sohib_irham@yahoo.com

ABSTRACT

The purpose of this study was to determine the strategies, constraints, and benefits in the development carried out by MSMEs in the Chips industry in Kelayan Village, Banjarmasin City based on Islamic banking. This type of research is qualitative with a descriptive approach. Primary data were obtained through interviews with informants, while secondary data included profiles of chips industry centers in Kelayan Village, Banjarmasin City and other supporting data. Based on the research that has been done, it can be concluded that the development strategy carried out by the Chips Industry UMKM in Kelayan Village, Banjarmasin City is to apply for capital financing to Bank BRI Syariah KCP Banjarmasin. The obstacles faced in the development of MSMEs in the chip industry are heavy collateral, application requirements that are rejected because they are not bona fide, and MSME actors who are not disciplined in paying installment interest. Microfinance provided by BRI Syariah KCP Banjarmasin for additional business capital can increase the income received by MSMEs in the chip industry and keep MSME businesses running.

KEYWORDS: Business Development, MSMEs, Sharia Banking

Introduction

Banking is an institution that has a major role in the development of a country. This role is realized in the Bank's function as a financial intermediary institution, namely collecting funds from the public in the form of deposits and channeling them to the public in the form of credit or other forms in order to improve people's lives. In Law No. 10 of 1998 based on its operational principles, banks are divided into two, namely conventional banks based on interest and Islamic banks based on sharia principles, where Islamic Banks consist of Islamic Commercial Banks and Islamic Rural Banks or currently called Islamic People's Financing Banks.

The activities of PT Bank BRI Syariah became stronger after the signing of the deed of separation of the Sharia Business Unit of PT Bank Rakyat Indonesia (Persero), Tbk on December 19, 2008, to merge into PT Bank BRI Syariah (spin off process) which was effective on January 1, 2009. The signing was conducted by Mr. Sofyan Basir as President Director of PT Bank Rakyat Indonesia (Persero), Tbk. and Mr. Ventje Rahardjo. The development of Islamic Banking financial institutions, especially Bank BRI Syariah, is also expected to have a positive impact on economic development in Indonesia. The role and purpose of Islamic banking, especially those involving the community, will advance the people's economy by helping people's business programs or MSMEs (Micro, Small and Medium Enterprises) by presenting programs whose impact is directly felt by MSME actors.

Micro, small and medium enterprises (MSMEs) are an important part of the Indonesian economy. MSMEs are one of the most popular business practices among Indonesians. The large number of MSME activists makes this business sector one of the driving wheels of the country's economy. The micro, small and medium enterprise (MSME) sector has so far shown a very good stretch and has even been able to sustain national economic recovery and growth. This sector is also the driver of the economy when a crisis hits. Micro, Small and Medium Enterprises (MSMEs) as contributors to the national gross domestic product (GDP) have an important role in Indonesia's economic recovery. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM) in March 2021, the number of MSMEs in Indonesia reached 64.2 million with a contribution to Gross Domestic Product (GDP) of 61.07% or IDR 8,573.89 trillion. MSMEs are able to absorb 97% of the total workforce, and can raise up to 60.42% of the total investment in Indonesia.

The development of micro, small, and medium enterprises (MSMEs) in Banjarmasin City is quite rapid. Based on data from the Office of Cooperatives, Small and Medium Enterprises of South Kalimantan Province (2022) in 2018, there were 31,231 micro businesses in the Banjarmasin City area, South Kalimantan. Many of these businesses were able to survive and grow amid the Covid-19 pandemic. Banjarmasin City is the capital of South Kalimantan province, which is one of the cities in Indonesia that has MSMEs in various business sectors. Banjarmasin City has a unique pattern of industrial growth, where most of its industries are

supported by the small and micro industry sector. One of the micro-industry centers in Banjarmasin City is the chip industry in Kelayan Village, Banjarmasin City based on Islamic banking.

In reality, the development of MSMEs such as the chip industry in Kelayan Village has its own obstacles, one of the main ones being weaknesses in the capital structure and limitations in obtaining access to capital sources. According to Rosmadi (2019), which states that the main problem faced by MSME actors is related to financial capacity. The capital factor is important but not the main thing in carrying out business activities. Capital is used to support the company's ability to improve the quality and quantity of production in order to have a competitive advantage and to improve the performance of MSMEs supported by determination, experience, courage, knowledge and good networking.

Method

The type of research used in this research is qualitative research. In this study, researchers used field research methods. While the type of research uses descriptive research. The data sources used in this research consist of primary and secondary data sources. Primary data is obtained through interviews with relevant informants to explore information about the development of Islamic banking-based MSMEs in the Chips industry center in Kelayan Village, Banjarmasin City. The main source of data is the chip makers in Kelayan Village. Meanwhile, secondary data includes the profile of the Chips industry center in Kelayan Village, Banjarmasin City and other supporting data related to research materials and processing processes and information obtained during the research. The data will be analyzed and interpreted into words or explanations that can be clearly understood by others, and then presented in writing in the form of a research report. Qualitative data analysis while in the field uses the Miles and Huberman model which consists of data reduction, data presentation, and conclusion drawing.

Results

Based on the 3 respondents in this study, it can be seen that all respondents are MSME actors in Kelayan Village, Banjarmasin City. MSME development in Kelayan Village is with MSME financing. Microfinance at Bank BRI Syariah KCP Banjarmasin is financing provided by BRI Syariah to customers or prospective customers, either individual businesses or business entities engaged in MSMEs to finance their business needs through working capital financing or investment financing with a ceiling of Rp. 5,000,000,- to Rp. 200,000,000. with various margins depending on the amount of financing provided.

The agreement used for this microfinance application is a murabahah bil wakalah agreement, which is a sale and purchase agreement where Islamic banking represents the purchase of goods to the supplier by the customer, then the customer provides a purchase note to the

bank, after the purchase note is owned by the bank, the bank determines the margin obtained and the repayment period to be agreed upon by the bank and the customer. It is hoped that future prospects will be able to assist potential customers in applying for financing that uses sharia principles that are far from usury. To find out how the development strategy of the Chips Industry MSMEs in Kelayan Village, Banjarmasin City is based on Islamic banking, the researchers conducted interviews with the perpetrators of the Chips MSMEs in Kelayan Village, including the following:

> "So for my SOP chips business, it has been running for 2 years. Alhamdulillah, at this time I am greatly helped by the assistance of capital loans from Bank BRI Syariah. Of course, this financing is far from usury, so it's calmer. I use this capital to develop the chips and pastries business" (Interview with Mrs. Aminah, owner of the SOP Chips Business).

Based on the interview above, it can be seen that Mrs. Aminah is a customer of BRI Syariah KCP Banjarmasin, she said that her business has been running for 2 years. After getting financing from BRI Syariah KCP Banjarmasin, her income increased, before getting financing the income received was IDR 100 thousand per day, after getting financing of IDR 25 million from BRI Syariah KCP Banjarmasin her income increased to IDR 200 thousand per day. The bank also conducts direction related to the business so that it grows. With additional capital or financing from BRI Syariah Banjarmasin, it helps me develop my chips and cookies business.

> "The beginning of my tempeh sago chips business started by accident. At that time I was hit by a flood disaster, because I was confused that I had no income, I finally tried to make tempeh sago chips. Alhamdulillah, it has been running until now. Currently, I received capital assistance from BRI Bank KCP Banjarmasin amounting to 20 million rupiah, which I used for additional capital and buying business support equipment" (Interview with Mrs. Musriati, Owner of Tempe Sago Chips Business Ridho).

Based on the interview above, it can be seen that Mrs. Musriati is a customer of BRI Syariah KCP Banjarmasin who has a sago tempeh chips business "Ridho". Mrs. Musriati said that the beginning of the sago tempeh chips business began during the flood season, which resulted in the submergence of her plantation. Mrs. Musriati was confused about getting household income so she tried to process tempeh chips and market them until the business ran until now and has been running for about 4 years. Mrs. Musriati received a capital loan from BRI Syariah KCP Banjarmasin amounting to 20 million rupiah which was used by her for additional capital and buying equipment to support her business.

> "I started this banana chip business by selling banana chips from 2016, which were sold in stalls, then there were customers who ordered at home, since then the sales have been selling more and more. I also market online via Instagram, Facebook and WhatsApp. Until now, my pisnag chips have spread to the Marabahan market and also to the island of Bali. I received a capital loan from BRI Syariah Bank KCP Banjarmasin amounting to 150 million rupiah which was used by him for additional business capital" (Interview with Mrs. Muni'ah, as the owner of the banana chip business.).

Based on the results of the interview above, it can be seen that Mrs. Muni'ah is one of the customers of Bank BRI Syariah KCP Banjarmasin. Mrs. Muni'ah said that the beginning of starting a business began with selling banana chips from 2016, which were sold in stalls, then there were customers who ordered at home, then there was a friend of Mrs. Muni'ah who marketed in Banjarbaru city up to 10 kg. Mrs. Muni'ah received a capital loan from BRI Syariah Bank KCP Banjarmasin of 150 million rupiah which was used by her for additional business capital.

Bank Syariah BRI Banjarmasin Branch has an important role to improve micro businesses and build confidence in the stability of the financial system. Providing excellent service to customers, through a widespread network and supported by professional human resources by implementing government policy practices with legal entities. Providing optimal profits and benefits to interested parties. Efforts to improve and develop micro businesses by BRI Syariah Bank Banjarmasin Branch in this case are carried out by encouraging the provision of banking credit to micro businesses. The micro business financing facility provided by BRI Syariah Banjarmasin Branch is a facility with a limit of up to IDR 50,000,000. Thus, it can support micro business financing.

Granting bank credit must have confidence based on in-depth analysis of the intention and ability and ability of the debtor customer to overcome debt or return the intended financing as promised. The credit provided by the bank contains risk so that in its implementation the bank must pay attention to the principles of credit to obtain this confidence, before providing credit, the bank must conduct a careful assessment of the character and ability, collateral capital, and business prospects of the debtor. Given that collateral is one of the elements of granting credit, if based on other elements it is possible to obtain confidence in the debtor's ability to repay debts, the collateral can only be in the form of goods, projects, or claims financed by the credit in question.

Supporting factors for BRI Syariah in increasing micro businesses include locations that are easily accessible to the community; the system implemented at Bank Syariah BRI Banjarmasin Branch such as products, procedures, accounting systems, and supervision is designed in such a way as to be very simple, efficient and effective; every employee in the ranks of Bank Syariah BRI Banjarmasin Branch must receive training to maximize the ability of each employee in order to provide the best for the script and the company.

Based on the results of interviews with BRI Syariah Bank Banjarmasin Branch, it was found that there are many obstacles faced by BRI Syariah in increasing micro-businesses, including limited human resources who understand sharia products and systems; the existence of guarantees at banks so that customers find it difficult to use micro-business financing products; difficulty in withdrawing funds in the event of default; on the other hand, banks also have difficulty channeling credit to micro-business groups.

Discussion

Judging from the income of those who do micro-business at Bank Syariah BRI Banjarmasin Branch, their income has increased. This proves that the presence of Bank Syariah BRI Banjarmasin Branch is very helpful for the people of Banjarmasin city to increase micro businesses in developing their business. Investment financing is provided to customers for investment purposes, namely the need for additional capital to carry out repairs, business expansion, or the establishment of new businesses With the assistance of Bank Syariah BRI Banjarmasin Branch, people in the city of Banjarmasin get convenience in loans that can be used to improve the business being run. Bank Syariah BRI Banjarmasin Branch also gets a large profit from lending to micro businesses. The role of Bank Syariah BRI Banjarmasin Branch in financing micro businesses is still very small. This cannot be separated from the small amount of total assets of Bank Syariah BRI Banjarmasin Branch. But what Bank Syariah BRI Banjarmasin Branch has done in financing micro businesses so far is the first step in the role of Bank Syariah BRI Banjarmasin Branch in its alignment with these micro businesses.

The role of MSME development in Kelayan Village, Banjarmasin City through Islamic banking, in this case Bank BRI Syariah KCP Banjarmasin, is carried out by encouraging the provision of banking credit to micro businesses. The micro business financing facility provided by Bank Syariah BRI Banjarmasin Branch is a facility with a limit of up to IDR 50,000,000. Thus, it can support micro business financing. The efforts that have been made by Bank Syariah BRI Banjarmasin Branch in increasing micro businesses have many stages. Bank Syariah BRI Banjarmasin Branch introduces the sharia system to the public by convincing and providing understanding to the public about BRI Syariah products.

Not only fixated on the mindset that prioritizes halal-haram issues and usury interest in introducing Bank Syariah BRI Banjarmasin Branch to the public, but trying to highlight things that are more common and popular in the community. This is because most of the people of Banjarmasin city think about the advantages and disadvantages of saving or borrowing money at BRI Syariah. For rational people, the most important thing is the attractive returns and other benefits, such as satisfactory service, sophisticated technology, security, extensive network, and ease of access.

Some of the obstacles faced in developing MSMEs in Kelayan Village, Banjarmasin City are limited human resources who understand sharia products and systems. This may be due to the lack of socialization to explain the advantages of sharia products. There is still an impression in some communities that BRI Syariah Bank Banjarmasin Branch is exclusive in the sense that BRI Syariah is only aimed at the Muslim community and involves people who are Muslim only. There is a view from some people who say that in general the system of activities and products of banks follows conventional banks. The main thing that makes the difference is only the elimination of the element of usury or interest which is forbidden in Islamic law.

In addition, the obstacle faced in the development of MSMEs in Kelayan Village, Banjarmasin City is collateral or guarantee. The requirement for sufficient collateral is an obstacle faced by banks. The collateral in question is collateral that can be used as a requirement in applying for capital financing, which can be in the form of land certificates or motor vehicle CPCPs. This is because not all business actors in the chip industry MSMEs in Kelayan Village, Banjarmasin City have collateral requirements that must be met when applying for microfinance-based financing. Thus, business actors who are unable to meet these requirements cannot obtain capital loans that can help the continuity of the business they are running.

As for what BRI Syariah Bank Banjarmasin Branch sees from the ability to pay to customers who do micro business financing is from the business side, the ability to make payments is highly dependent on factors that affect sales volume, selling prices, costs and expenses. This all depends on the quality of products and services, the effectiveness of labor, the price and availability of raw materials and the quality of management. Given that the ability to pay is based on the income from the customer's business, the bank must be confident that based on the business the customer can fulfill his financial obligations.

The development of MSMEs in Kelayan Village, Banjarmasin City carried out by Bank BRI KCP Banjarmasin has not fully supported micro businesses because it is limited by prudential factors. Therefore, Bank Syariah BRI Banjarmasin Branch requires collateral for those who carry out financing in order to avoid losses that can arise at any time from the customer's performance. On the other hand, banks also have difficulty channeling credit to micro business groups. Another obstacle faced in the development of chip industry MSMEs in Kelayan Village, Banjarmasin City based on microfinance is the submission requirements that cannot be met so that they are rejected by Islamic banks. This is because MSMEs that apply for financing do not meet the requirements or are deemed not bona fide. The research findings also show that there are obstacles faced by chip industry MSMEs in Kelayan Village, namely business actors who have received sharia-based capital financing are not disciplined in paying installment interest. This is because the installment burden is subject to interest and payments made within a predetermined period are considered burdensome in terms of costs (interest) and mind burden.

Conclusion

Based on the research that has been conducted, it can be concluded that the development strategy carried out by the Chips Industry MSMEs in Kelayan Village, Banjarmasin City is by applying for capital financing to BRI Syariah Bank KCP Banjarmasin. The obstacles faced in the development of chip industry MSMEs in Kelayan Village, Banjarmasin City based on microfinance are heavy collateral, application requirements that are rejected because they are not bona fide, and MSME players who are not disciplined in paying installment interest. Microfinance provided by BRI Syariah KCP Banjarmasin for additional business capital can

increase the income received by chip industry MSMEs in Kelayan Village and keep MSME businesses running.

References

Rosmadi, M. L. 2019. "Analisis Faktor-faktor Penunjang Pengembangan Usaha Mikro Kecil dan Menengah (UMKM)". In *SNEB: Seminar Nasional Ekonomi dan Bisnis Dewantara*. 1(1): 41-48.

Undang-Undang No 1 Tahun 2013 Tentang Lembaga Keuangan Mikro.

Undang-Undang No 20 Tahun 2008 Tentang Usaha Mikro, Kecil, dan Menengah.

THE INFLUENCE OF LEADERSHIP AND WORK DISCIPLINE ON EMPLOYEE PERFORMANCE

Siti Muassaroh

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Park Eunsu

Business, Ewha Womans University, South Korea

Email Correspondence: sitimuassaroh082000@gmail.com

ABSTRACT

This study aims to determine the effect of leadership and work discipline of the employees at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency. The methode used in this research is quantitative. The population in this study were all employees at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency, and the sampling used was 96 respondents with the sampling technique using Saturated Samplling. The data analysis technique used in this study is Multiple Linear Regression Analysis with data processing using IBM SPSS Version 22 Software. The results of this study indicate that leadhership and work discpline have a positive but not significant effect on the performance of the employees at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency.

KEYWORDS: Leadership, Work Discipline and Employee Performance

Introduction

In general, Human Resources (HR) in an organization, agency or company is one of the most important factors that cannot be separated. Because in an organization HR is also a consideration in all activities, especially those aimed at achieving organizational goals. Without quality human resources, an organization cannot run well. HR itself includes all people in an organization who participate in the operational activities of the organization, both those who occupy leadership and subordinate positions. Although different positions or positions but all parts of human resources have the same task in achieving the goals of an organization or agency.

Based on the Big Indonesia Dictionary (KBBI) an organization is a place or container used by people togather, work together logically and systematically, plan, guide and control, using existing resources and be guided in HR to achieve an organizational goal. In order for an organization's goals to be achieved and run well, it must pay attention to important aspects to manage it such as leadership, work discpline, performance and other aspects.

Performance is the result of a person's work in quantity and quality that has been achieved by employees in carrying out their duties in accordance with the responsibilities given in achieving a predetermined goal (Mangkunegara, 2016). Therefore, to achieve the maximum goals, leaders must pay attention to the performance of their employees. Because, the success of employee performance to achieve maximum goal requires work discipline from employees.

According to research by Eva Amalia and Muhammad Rudiansyah (2019) employee performance is influenced by work discipline. Hasibuan (2017) defines work discipline as an understanding and willingness of a person to obey all company regulations and applicable social norms. Understanding itself is the behavior of someone who voluntarily obeys all regulations and is aware of his duties and responsibilities. And with good work discipline, the success of employee performance can be achieved. In this case, human resources can be an important factor factor to achieve organizational goals effectively and effeciently. The work discipline of an employee can be seen through the high and low work ethic of the employee. Disciplined employees can be determined from the accuracy of the emplyoees in completing the assigned tasks, coming to the office on time, and complying with all regulations and from how much responsibility for the position of the position has been given.

According to research by Debora Tambunan (2019) employee performance is influenced by leadership. Wahyudi (2017) defines leadership as a person's expertise in moving, directing as well as influencing the mindset, the way each member works so that they have an independent attitude at work, especially in making decisions in the interest of accelerating the achievement of predetermined goals. The position of the leader in the development of human resources is very important, because basically what affects the success of leadership in an agency is the ability of the leader to carry out his duties and obligations as a controller or

person who carries out basic management functions, performance needs in the workplace, political thinking and creative thinking skills, assertiveness or the ability to make decisions and solve problems quickly and precisely. Therefore, leadership has a very important role in achieving employee performance, that leaders have the ability to apply leadership methods that are in accordance with existing situations and conditions, so that employees can work comfortably and have high spirits.

Dinas Pariwisata Kebudayaan Pemuda dan Olahraga is a government agency that has the duty and function to foster and develop the fields of tourism, culture, youth and sports in accordance with the regulations set by the regional government and in accordance with applicable laws. Thus, in order to be successful in carrying out their duties and functions in each field, employees must achieve high performance, by looking at the factors that affect performance, including leadership and work discipline. Government agencies will not run well if management in leadership and discipline of employees is not managed as well as possible. Because this can cause problems in achieving employee performance.

Research results from Debora Tambunan (2019), Mhd. Edi Syahputra, Syaiful Bahri and Muis Fauzi Rambe (2020), Rahmad Basuki and Riska Puspita S (2018), Any Isvandiari and Bagus Al Idris (2018), state that leadership has a positive and significant effect on employee performance. This means that high and low employee performance is influenced by leadership factors. In addition, the research results from Eva Amalia, Muhammad Rudiansyah (2019) stated that leadership and work discipline have a significant effect on employee performance. That is, the higher the level of leadership and good work discipline, the better the employee's performance. Therefore, researchers are interested in conducting research at the agency to find out whether there is an influence of leadership and work discipline on employee performance.

Method

The type of research used in this research is descriptive quantitative. That is, collecting, processing, simplifying, presenting, and analyzing data descriptively (sentence explanations) and quantitatively (numbers) using multiple linear regression models to determine the effect of leadership and work discipline on employee perfromance at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency.

The population used in this study were all employees at the office Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency which consisted of elements of the Head of the Service, Secretariat, Fields (culture, youth, and sports), and the Technical Implementation Unit of the Service (UPTD). By using a sampling technique that is Saturated Sampling. Because based on this research, the population is not more than 100 respondents. Thus, it is hoped that all respondents can assist in the implementation of this research.

There are two types of data used in this study, namely secondary data and primary data. Secondary data in this study were obtained from the object of research in the form of websites, references books, journals, and information related to this research. While the primary data in this study was obtained by distributing questionnaires and interviews to employees of the Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency.

Therefore, the hypothesis proposed in this study is as follow:
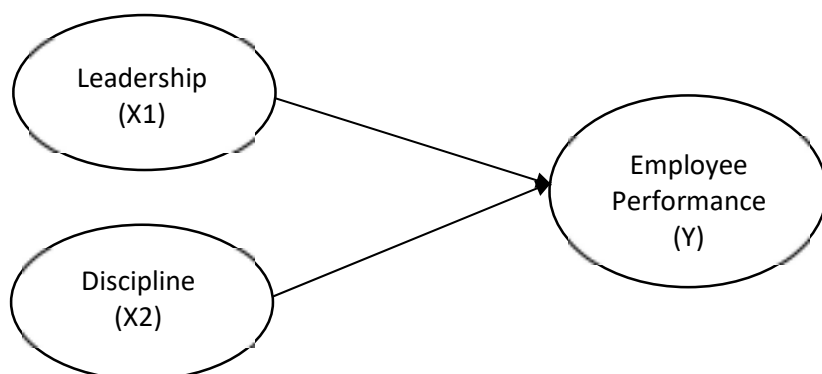
H1: It is suspected that there is an influence between leadership on employee performance
H2: It is suspected that there is an influence of discipline on employee performance

Result

1. **Classic Assumption Test**

   The classical assumption test is used as a requirement in using the regression model, so that the regression results obtained are the right estimates.

   a. Normality Test

      Table 1. Normality Test
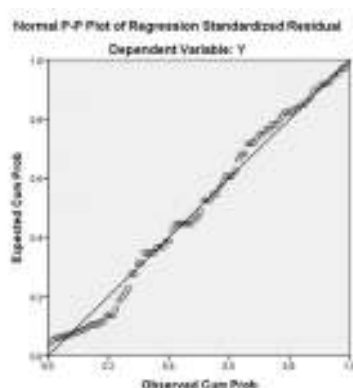
      A data is said to be normally distributed if the data points spread around the regression line. Based on the picture above, the data normality test using P-P Plot is known that the data points are around the regression line. This shows that the research data is normally distributed.

b. Multicollinearity Test

Table 2 Multicollinearity Test

		Coefficients^a						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	14.072	3.156		4.459	.000		
	X1	.252	.144	.179	1.755	.083	.956	1.046
	X2	.164	.104	.162	1.586	.116	.956	1.046
a. Dependent Variable: Y								

Multicollinearity test is used to determine whether there is a strong relationship between independent variables. One of the most accurate ways to detect the presence or absence of these symptoms is by using the Tolerance and VIF (Variance Inflation Factor) methods. Based on the table above, all variables have a tolerance value above 0.1 and a VIF value < 10. So it can be concluded that the regression model in this study does not occur multicollinearity.

c. Heteroscedasticity Test

Table 3 Heteroscedasticity Test

		Coefficients^a						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.146	1.719		1.248	.215		
	X1	-.027	.078	-.036	-.339	.735	.956	1.046
	X2	-.013	.056	-.025	-.235	.814	.956	1.046
a. Dependent Variable: Abs_RES								

The heteroscedasticity test aims to test whether the regression model has variance inequality from the residual of one observation to another observation. The are several ways to perform a heteroscedasticity test. Based on the Glejser test above, it is known that the Sig.t value of each independent variable is greater than 0.05. This show that the data does not experience symptoms of heteroscedasticity.

2. Multiple Linear Regression Test

Table 4 Regression Test

		Coefficients^a						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	14.072	3.156		4.459	.000		
	X1	.252	.144	.179	1.755	.083	.956	1.046
	X2	.164	.104	.162	1.586	.116	.956	1.046
a. Dependent Variable: Y								

Multiple Linear Regression Analysis aims to determine whether there is an effect of two or more independent variables (X) on the dependent variable (Y). Based on the table of multiple linear regression test result above, it can be obtained a multiple linear regression model based on the B value as follows:

$$Y = a + b_1X_1 + b_2X_2 + e \hspace{4cm} 1$$
$$Y = 14.072 + 0.252(X_1) + 0.164(X_2) + e \hspace{2.5cm} 2$$

The a value of 14.072 is a constant or cindition when the dependent variabel of employee performance (Y) has a positive effect on the independent variabel, namely leadership (X1) and work discipline (X2).

b_1 (regression coefficient value X1) of 0.252 indicates that the leadership variable has a positive influence on employee performance which is quite strong. If leadership is optimized then employee performance will increase.

b_2 (regression coefficient value X2) of 0.164 indicates that the work discipline variabel has a positive influence on employee performance which is quite strong. If work discipline is optimized, employee performance will increase.

3. T Test

Table 5 T Test

		Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	14.072	3.156		4.459	.000		
	X1	.252	.144	.179	1.755	.083	.956	1.046
	X2	.164	.104	.162	1.586	.116	.956	1.046
a. Dependent Variable: Y								

Decision Making Terms

H0 is accepted and H1 is rejected if the t-count value is between -t-table to +t-table and Sig.t > 0.05

H0 is rejected and H1 is accepted if the t-count value is between -t-table to +t-table and Sig.t > 0.05

The t-table value for $\alpha = 0.05$ and df = 93 is 1.98580. The t-count value of the leadership variable is 1.755 with a Sig.t of 0.083. This shows that the leadership variable has a t-count value that is between the range -t-table to +t-table (1.755 is in the range -1.98580 to +1.98580) and Sig.t > (0.083 > 0.05) this means that leadership has a positive but not significant effect on employee performance. The t-count value of the work discipline variable is 1.586 with a Sig.t of 0.116. This shows that the work discipline variable has a t-count value, which is between the range -t-table to +t-table (1.586 is in the range -1.98580

to +1.98580) and Sig.t > (0.116 > 0.05) means that work discipline has a positive but not significant effect on employee performance.

4. **F Test**

Table 6 F test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.103	2	9.551	3.543	.033[b]
	Residual	250.730	93	2.696		
	Total	269.833	95			
a. Dependent Variable: Y						
b. Predictors: (Constant), X2, X1						

Decision Making Terms

H0 is accepted and H1 is rejected if the value of F-count < F-table and Sig. > 0.05

H0 is rejected and H1 is accepteed if the F-count > F-table and Sig. < 0.05

Berdasarkan on the data in the table above, it is known that the F-count value is 3.534 with Sig. of 0.033. While the value of the F-table for $\alpha = 0.05$; df1= 2 and df2= 93 of 3.09. Because the value of F-count > F-table (3.543 > 3.09) and Sig. < α (0.033 < 0.05), then H0 is rejected and H1 is accepted. That is, the regression model formed meets the goodness of fit model or the regression model that is formed is feasible and can be used to predict employee performance at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency.

5. **Coefficient of Determination Test (R^2)**

Table 7 Determination Test

Model Summary[b]									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.845[a]	.715	.709	1.46286	.715	116.577	2	93	.000
a. Predictors: (Constant), X2, X1									
b. Dependent Variable: Y									

Based on the Model Summary table above, it can be seen that the R-Square value is 0.715. This means that 71.5% of employee performance at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency is explained by leadership and work discipline. While the rest, 100% - 71.5% = 28.5% is explained by other variables not considered in this study.

Discussion

The Effect of Leadership on Employee Performance

Based on the results of the research above, the influence of leadership on employee performance obtained a t-count value of 1.755 < 1.98580 t-table, then H0 is accepted and H1 is rejected with a Sig value of 0.083 > alpha 0.05, so it can be concluded that leadership has a positive but not significant influence on employee performance.

This show that the level of leadership at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency is unsatisfactory or still low. It can be explained that in the process of interaction that takes place between leaders and subordinates at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency it is not optimal, for that it is a better step if the leader can create more effective communication with his subordinates in order to achieve the desired goals. In a motivation, a leader must also motivate and give encouragement to his subordinates, namely by giving ideas so that his subordinates have high enthusiasm to build ideas that will be carried out and can build achievements at work. In addition, the way that leaders can do to control their subordinates is that the leader must be able to explain to his subordinates related to the tasks given in order to achieve the desired goals so that this can improve employee performance. Theoretically, it is a science that thoroughly examines how to direct, influence and supervise others to perform tasks in accordance with the directive that have been planned or determined (Fahmi, 2016).

The result of this study are supported by previous research conducted by Yesi Daniel Tri Baskoro, Alwi Suddin and Sutarno (2019) where leadership has a positive but not significant effect on employee performance. But it is different from the research conducted by Debora Tambunan (2019), Any Isvandiari dan Bagus Al Idris (2018), Rahmad Basuki dan Riska Puspita S (2018) with the result of research that leadership has a positive and significant effect on employee performance.

The Effect of Work Discipline on Employee Performance

Based on the results of the study above, the effect of work discipline on employee performance obtained a t-count value 1.586 < 1.98580 t-table, then H0 is accepted and H1 is rejected with a Sig value of 0.116 > alpha 0.05 so it can be concluded that work discipline has a positive influence but not significant to employee performance.

This shows that the level of work discipline at Dinas Pariwisata Kebudayaan Pemuda dan Olaharaga Tuban Regency is still low. It can be explained that in an agency there are always rules or procedures that must be obeyed and carried out. With the regulations as employees, we should comply with other ways that can be done, such as asking for permission if we do not come to work so that work can be shared or transferred to other employees, and the work or task given can be completed according to the original plan designed and other ways. To

improve employee performance in terms of discipline, it can be done by complying with other regulations that have been set, such as going home according to office hours. In addition, when completing the work or task assigned, an employee must have a sense of responsibiliy for the results that have been done, because with a great sense of responsibility, the results that we have done can be resolved properly. Theoretically, work discipline is a tool used by management to communicate with employees so that they are willing to change a behavior as well as an effort to increase one's awareness and willingness to comply with all company regulations (Rivai, 2017).

The results of this study are supported by previous research conducted by Sri Indah Fadilah (2019) where work discipline has a positive but not significant effect on employee performance. But in contrast to the research conducted by Mhd. Edi Syahputra, Syaiful Bahri dan Muis Fauzi Rambe (2020) with research results that work discipline has a positive and significant effect on employee performance.

Conclusion

From the results and discussion in this study, it can be concluded that leadership as a variable (X1) and work discipline as a variable (X2) shows results that have a positive but not significant effect on employee performance. The results of this study indicate that the level of change in leadership and work discipline does not significantly affect changes in employee performance. Therefore, to improve the performance of employees at Dinas Pariwisata Kebudayaan Pemuda dan Olahraga Tuban Regency, the leadership must pay more attention to work discipline in order to increase discipline in work and complete the assigned tasks in order to achieve effective performance, besides that it can be done by improving several other things, which can significantly affect employee performance, this can be done by adding other variables that are not included in this study.

Reference

Amalia, E., & Rudiansyah, M. 2019. "Pengaruh Kepemimpinan Dan Disiplin Kerja Terhadap Kinerja Pegawai Pada Dinas Pendidikan Kota Banjarmasin". *Jurnal Riset Inspirasi Manajemen Dan Kewirausahaan*, *3*(2), 94-102.

Baskoro, Y. D. T., Suddin, A., & Sutarno, S. 2019. "Pengaruh Kompensasi, Lingkungan Kerja, Kepemimpinan, Dan Disiplin Kerja Terhadap Kinerja Pegawai Kantor Dinas Kesehatan Kabupaten Ponorogo". *Jurnal Manajemen Sumber Daya Manusia*, *13*.

Basuki, R. B., & Sari, R. P. 2022. "Pengaruh Kepemimpinan, Disiplin Kerja Dan Kompensasi Terhadap Kinerja Karyawan Non Medis Rsia Yk Madira Palembang". *Jurnal Ecoment Global: Kajian Bisnis Dan Manajemen*, *6*(2).

Fadilah, S. I. 2019. *Pengaruh Disiplin Kerja Dan Lingkungan Kerja Terhadap Kinerja Karyawan Pt. Kereta Api Indonesia (Persero)* (Doctoral Dissertation).

Farida, U., & Hartono, S. 2016. Manajemen Sumber Daya Manusia Ii. *Ponorogo: Universitas Muhammadiyah Ponorogo*.

Isvandiari, A., & Al Idris, B. 2018. "Pengaruh Kepemimpinan Dan Disiplin Kerja Terhadap Kinerja Karyawan Pada Pt Central Capital Futures Cabang Malang". *Jurnal Ilmiah Bisnis Dan Ekonomi Asia*, *12*(1), 17-22.

Mangkunegara, A. A. P., & Prabu, A. 2015. Manajemen Sumber Daya Manusia Perusahaan, No. 13. *Bandung: Pt. Remaja Rosda Karya Offset*.

Ratnasari, S. L., & Siregar, D. 2020. "Bagaimana Upaya Meningkatkan Kinerja Guru?". *Bening*, *7*(1), 119-125.

Sugiyono, P. D. 2012. Metode Penelitian Kuantitatif Kualitatif Dan R&D*. Bandung: Alfabeta*.

Supomo, B., & Indriantoro, N. 2014. Metodologi Penelitian Bisnis Untuk Akuntansi & Manajemen. *Yogyakarta: Bpfe*.

Syahputra, Me, Bahri, S., & Rambe, Mf. 2020. "Pengaruh Kepemimpinan, Disiplin Dan Motivasi Terhadap Kinerja Aparatur Sipil Negara Tarukim Labura". *Jurnal Pamator: Jurnal Ilmiah Universitas Trunojoyo*, *13* (1), 110-117.

Tambunan, D. 2019. "Pengaruh Kepemimpinan Dan Disiplin Kerja Terhadap Kinerja Pegawai Pada PDAM Tirtanadi Provinsi Sumatera Utara Cabang". *Jurnal Abdi Ilmu*, *12*(2), 41-50

Yogatama, A., & Pratama, H. L. 2021. "Mengapa Kedisiplinan Mekanik Lebih Penting Dibandingkan Kepemimpinan Untuk Meningkatkan Kinerja Bengkel?". *Jurnal Manajemen Dan Profesional*, *1*(1), 35-49.

THE EFFECT OF TELEVISION ADVERTISING AND PRODUCT QUALITY ON THE PURCHASE DECISION OF MARIMAS PRODUCTS THROUGH BRAND EQUITY
(Case Study on Customers at Pakis Malang)

Sukron Mansur

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Dr. Fathorrahman, S.E., M.M

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Dr. Theresia Pradiani, S.E., M.M

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Dr. Widi Dewi Ruspitasari, S.E, M.M

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Email Correspondence: sukronmansur28@gmail.com

ABSTRACT

Sukron Mansur, 2022. Master of Management Postgraduate Program at the Asia Institute of Technology and Business, Malang. The Effect of Television Advertising and Product Quality on Purchase Decisions Through Brand Equity (Case Study on Customers in Pakis Malang District; Supervising Lecture I: Dr. Fathorahman, S.E., M.M. ; Supervising Lecture II: Dr. Ike Kusdiyah R, S.E., M.M. The purpose of this study was to determine the effect of television advertising and product quality on purchasing decisions for Marimas products through brand equity (a case study on customers in Pakis Malang District). This type of research is quantitative descriptive with path analysis techniques. The population inthis study is Marimas product customers in Subdistrict Pakis Malang. The sampling technique used purposive sampling. The number of respondents in this study were 100 respondents. The results of the Path analysis test found that television advertising had no direct or indirect effect on purchasing decisions and product quality had an effect on purchasing decisions both directly and indirectly for Marimas product customers in Pakis Subdistrict, Malang.

KEYWORDS: Television Advertising, Product Quality, Purchase Decision and Brand Equity.

THE EFFECT OF TELEVISION ADVERTISING AND PRODUCT QUALITY ON THE PURCHASE DECISION OF MARIMAS PRODUCTS THROUGH BRAND EQUITY
(Case Study on Customers at Pakis Malang)

Introduction

In the era of free trade lately, manufacturers are competing in marketing their products in order to take the market. One of the producers' strategies is to market their products through advertising media. In everyday life, we often encounter <u>advertisements</u> in various forms and delivery media, from television, radio, newspapers, online media, billboards, and so on. For companies providing goods or services, advertising is the mainstay to introduce and market their products. It aims to attract consumers to buy goods or use the advertised service. This condition requires producers to compete to retain consumers through competition between brands.

Talking about purchasing decisions, based on survey results and findings or provisional estimates by researchers that purchasing decisions for Marimas products in Pakisaji Malang have decreased. One of the reasons is about *display* . Competitor products (Nutrisari) found by researchers on average product location position is at in front (next to the cashier) while marimas products are in the back, even the products are still in the warehouse. From the results of interviews with outlets, it turns out that competitors' products do have a *display* , namely the rental fee in the form of product compensation every month. This is interesting to be a concern for producers to further increase promotional activities that make consumers more loyal to marimas products.

Advertising is a form of corporate communication to consumers who convey information about their products. At this time advertising is widely used by companies to introduce their products because advertising can reach various circles, both the lower economic class to the upper class economy because advertising can reach remote areas even by using radio and television. By using radio and television companies can introduce and inform about their products and the benefits received by consumers. Companies use television advertisements as promotions because advertisements can be seen by consumers and stick in consumers' memories. According to Nielsen Advertising Information Services (2015), quoted from the website page, said that the growth of advertising spending in 2015 began to show a positive movement in the second quarter with a growth value of 6%, after previously falling 1% in the first quarter. Overall during the first half of 2015 total advertising spending increased by 4% .

Advertising activities using television media are widely used by large companies because they can reach the wider community. Television is the most attractive and most effective media compared to other advertising media (Mariyanti and Rahanatha 2015). This is also done by PT Marimas Putera Kencana through one of its well-known brands, namely Marimas. Marimas product advertisements are advertised on television and packaged in an attractive form so that the advertisement is able to attract consumers to buy Marimas products. Activity Television ads important because it creates brand awareness.

THE EFFECT OF TELEVISION ADVERTISING AND PRODUCT QUALITY ON THE PURCHASE DECISION OF MARIMAS PRODUCTS THROUGH BRAND EQUITY
(Case Study on Customers at Pakis Malang)

Advertising Television

Advertising according to Kotler and Keller (2007:244) is any form of non-personal presentation and promotion of ideas, goods or services by a particular sponsor that must be paid. Advertising using television media combines images, sound and movement, stimulates the senses and has high attention and reach. According to Ronald Lane in Alawiyah (2010: 13) also said that television is a combination of color, sound, and movement that offers flexible creativity for almost all products. So, television advertising is an advertisement that uses television as a communication tool to deliver its message. There are 5 indicators in television advertising, namely the purpose of the advertisement, the content of the advertisement message, the message format, the source of the message and the price discount.

Product Quality Product

quality is something that can affect consumers of Marimas products, Pakis District, Malang Regency, this is because the better the quality of Marimas products they have, the greater the consumers in Malang to make purchasing decisions. However, researchers only took six of the eight dimensions according to Fandy Tjiptono (2008) to adjust to the phenomena that occur in the object of research, namely 1) Performance, 2) Feature, 3) Conformance to specification, 4) Realibility, 5) Durability, 6) *Esthetica*) .

Purchasing Decision Purchasing

Decision is a final process in which a prospective customer considers several things ranging from problem recognition, information search, alternative evaluation, purchase decisions and post-purchase behavior. Indicators in purchasing decisions refer to the opinion of kotler and keller (2009:235), namely a) problem recognition, b) information search, c) alternative evaluation, d) purchase decisions, e) post-purchase behavior

Brand Equity

Measurement of brand equity can be done by analyzing the dimensions the basis of brand equity, namely brand awareness (brand awareness), brand association (brand association), impression quality (perceive quality), brand loyalty (brand loyalty).

Conceptual Framework and Hypotheses

In the conceptual framework of this study, we want to test whether the independent variables, namely television advertising (X1) and product quality (X2), can affect the dependent variable, namely purchasing decisions (Y) through the intervening variable, namely Brand Equity (Z). Or whether television advertising and product quality variables directly affect purchasing decisions. The hypothesis is a temporary answer to the research problem until it is proven through the collected data (Arikunto, 2002:64). Based on the considerations in the problem formulation, the hypothesis that the authors put forward are:

H1   : It is suspected that there is a significant influence of television advertising on brand equity directly

H2   : It is suspected that there is a significant effect of product quality on brand equity directly

H3   : It is suspected that there is a significant influence of television advertising on decisions Direct purchase

H4   : It is suspected that there is a significant influence of product quality on direct purchasing decisions

H5   : It is suspected that there is a significant influence of brand equity on direct purchasing decisions

H6   : It is suspected that there is a significant influence of television advertising on purchasing decisions through indirect brand equity

H7   : Allegedly there is significant influence of product quality on purchasing decisions through brand equity indirectly

Method

Validity

Test Validity test was conducted to determine the level of validity of the indicators used as a variable measuring instrument. The validity test uses bivariate correlation which is carried out with the help of spss imb version 25. The way of analysis is to correlate each value in the question number with the total value of the question number. Furthermore, the correlation coefficient obtained by r still has to be tested for its significance by comparing it with table r. question items are said to be valid if r count > r table or p value < 0.05 (Arikunto, 2008:146). The following are the results of the validity of each indicator.

Reliability Test Reliability

test is a consistent measure of research results, an instrument is reliable if the Cronbach's Alpha value 0.60, while an instrument is declared unreliable if Cronbach's Alpha < 0.60

Result

Table 1 the results of the reliability test above, it is known that the Cronbach's Alpha value of each item that measures the research variables is more greater than 0.05. This shows that the research instrument, in this case the questionnaire, which is used to measure television advertising, product quality, brand equity and purchase decisions of Marimas products to customers in Pakis Malang sub-district is valid.

THE EFFECT OF TELEVISION ADVERTISING AND PRODUCT QUALITY ON THE PURCHASE DECISION OF MARIMAS PRODUCTS THROUGH BRAND EQUITY
(Case Study on Customers at Pakis Malang)

Table 1 Reliability Test

Variable	Indicator	Correlation	Value Value of r table	Sig	Level Sig (α)	Information
Television Advertising	X1.1	0,568	0,279	0,000	0.05	Valid
	X1.2	0,724	0,279	0,000	0.05	Valid
	X1.3	0,733	0,279	0,000	0.05	Valid
	X1.4	0,517	0,279	0,000	0.05	Valid
	X1.5	0,623	0,279	0,000	0.05	Valid
	X1.6	0,542	0,279	0,000	0.05	Valid
Product Quality	X2.1	0,787	0,279	0,000	0.05	Valid
	X2.2	0,665	0,279	0,000	0.05	Valid
	X2.3	0,557	0,279	0,000	0.05	Valid
	X2.4	0,548	0,279	0,000	0.05	Valid
	X2.5	0,721	0,279	0,000	0.05	Valid
	X2.6	0,558	0,279	0,000	0.05	Valid
Purchase Decision	Y.1	0,724	0,279	0,000	0.05	Valid
	Y.2	0,645	0,279	0,000	0.05	Valid
	Y.3	0,835	0,279	0,000	0.05	Valid
	Y.4	0,667	0,279	0,000	0.05	Valid
	Y.5	0,742	0,279	0,000	0.05	Valid
Brand Equity	Z.1	0,768	0,279	0,000	0.05	Valid
	Z.2	0,737	0,279	0,000	0.05	Valid
	Z.3	0,743	0,279	0,000	0.05	Valid
	Z.4	0,673	0,279	0,000	0.05	Valid

Source: Primary data processed by the author 2022

Based on the Table 2 Reliability test results above, it is known that the Cronbach's Alpha value of each item that measures research variables is greater than 0.6. This shows that the research instrument, in this case the questionnaire, which is used to measure television advertising, product quality, brand equity and purchase decisions of Marimas products to customers in Pakis Malang sub-district is Reliable or Reliable or Consistent

Table 2 Reliability Test

Variable	Cronbach's Alpha	Criteria	Ket.
Television advertisement (X1)	0.635	> 0.6	Reliable
Product Quality (X2)	0.662	> 0.6	Reliable
Purchase Decision (Y)	0.761	> 0.6	Reliable
Brand Equity	0.696	> 0.6	Reliable

Source: Primary data processed by the author 2022

Substructure 1
This test aims to determine how much influence the variable television advertising and product quality have on brand equity. The following are the results of the sub-structural 1 test:

THE EFFECT OF TELEVISION ADVERTISING AND PRODUCT QUALITY ON THE PURCHASE DECISION OF MARIMAS PRODUCTS THROUGH BRAND EQUITY
(Case Study on Customers at Pakis Malang)

Table 3 Substructure 1

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.720	2.748		.621	
	Advertising Television	.439	.183	.342	.394	.016
	Product quality	2.423	.144	.387	2,96 3	.007

Source: Primary data processed by the author 2022

Figure 1 Substructural path model 1
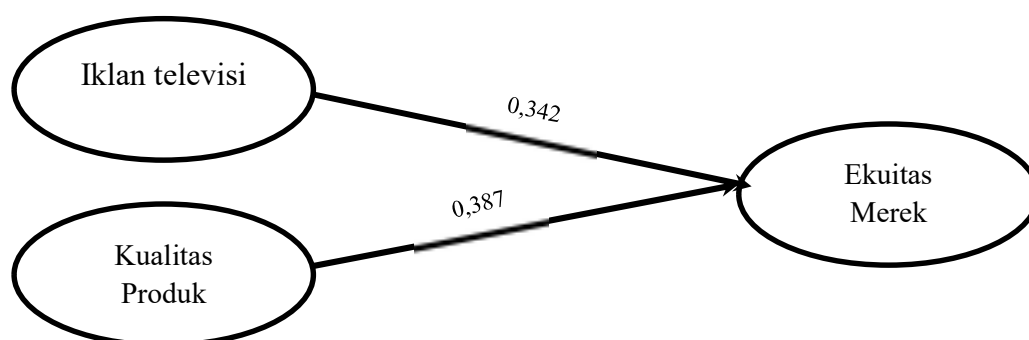
Source: primary data processed by the author 2022

a. Testing the effect of television advertising on brand equity

H0 : 1=0 (Television advertising has no effect on brand equity)

H0: 1≠0 (Television advertising has an effect on brand equity)

*) Comparing the t value with t table

If t count < t table value then H0 is accepted and H1 is rejected

If t count > t table value then H0 is rejected and H1 is accepted

From the calculation, the t count value for television advertising coefficient is 2.423. And the t table can be calculated using the t test with the formula for degrees of freedom nk. where n is the amount of data and k is the number of dependent and independent variables, namely 4. Then 100-4 = 96, so t table = 1.984, with a significant 0.05.

Because t count > t table value (2.423 > 1.984) with a significant of 0.016 < 0.05, H0 is rejected and H1 is accepted. So it can be concluded that television advertising coefficient has an effect on brand equity.

In this case television advertising is able to increase brand equity. Where consumers will be more aware of a Marimas brand through a television advertisement. This is in accordance with respondents' answers that television advertisements with messages that are easy to

remember and easy to understand are equipped with appropriate designs and colors by being played by energetic and attractive advertising stars can

b. Test the effect of product quality on brand equity
   H0 : 1=0 (Product quality has no effect on brand equity)
   H0 : 1≠0 (product quality affects brand equity)
   *) Compares the value of t count with t table

   If t count < t table value then H0 is accepted and H1 is rejected
   If t count > t table value then H0 rejected and H1 accepted.

   From the calculation, the t value for the product quality coefficient is 2,963. And the t table can be calculated using the t test with the formula for degrees of freedom nk. where n is the amount of data and k is the number of dependent and independent variables, namely 4. Then 100-4 = 96, so t table = 1.984, with a significant 0.05.

   Because t count > t table value (2,963 > 1,984) with a significant of 0.007 < 0.05, then H0 is rejected and H2 is accepted. So it can be concluded that the coefficient of product quality has an effect on brand equity. In this case, the better a product quality, the more brand awareness for Marimas product customers in Pakis Malang district. This is in accordance with the respondent's answer that Marimas products that have no side effects with many flavor variants are processed with good standards and quality and a long expiry date further increases awareness and brand loyalty of Marimas products to customers in Pakis Malang sub-district.

Substructural test 2

This test aims to determine how much influence the variables of television advertising, product quality, and brand equity have on purchasing decisions. The following are the results of sub-structural 2:

Table 4 Substructure 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.340	2.421		3.220	.002
Iklan televisi	-.185	.145	-.182	-1.247	.225
Kualitas produk	.385	.132	.490	3.073	.004
Ekuitas merek	.133	.152	.176	1.270	.258

Source: Primary data processed by the author 2022

Figure 2 Substructural path model 2
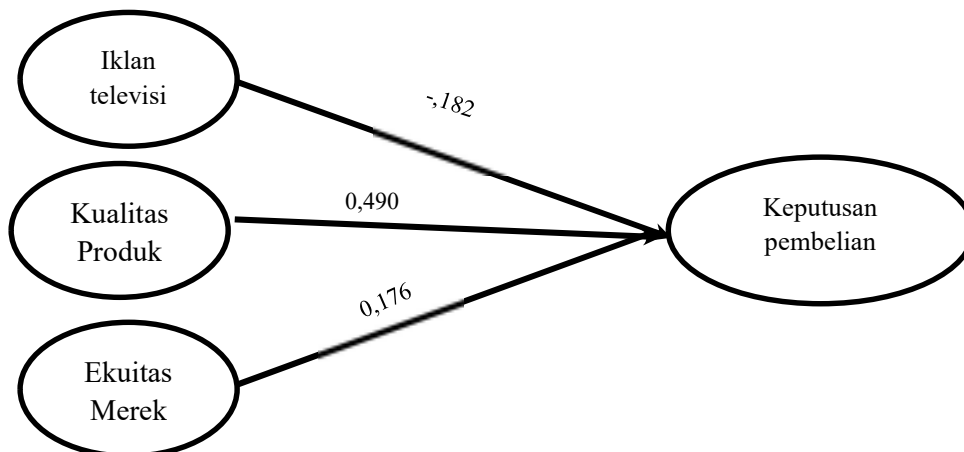
From the calculation obtained the value of t arithmetic for television advertising coefficient is -1.247. And the t table can be calculated using the t test with the formula for degrees of freedom nk. where n is the amount of data and k is the number of dependent and independent variables, namely 4. Then 100-4 = 96, so t table = 1.984, with a significant 0.05.

Because t count > t table value (-1.247 < 1.984) with a significant of 0.225 > 0.05, then H0 is accepted and H3 is rejected. So it can be concluded that the television advertising coefficient has no effect on purchasing decisions.

From the calculation, the t value for the product quality coefficient is 3.073. And the t table can be calculated using the t test with the formula for degrees of freedom nk. where n is the amount of data and k is the number of dependent and independent variables, namely 4. Then 100-4 = 96, so t table = 1.984, with a significant 0.05.

Because t count > t table value (3.073 > 1.984) with a significant value of 0.004 < 0.05, then H0 is rejected and H4 is accepted. So it can be concluded that the coefficient of product quality has an effect on purchasing decisions.

From the calculation, the t-count value for the product quality coefficient is 1.270. And the t table can be calculated using the t test with the formula for degrees of freedom nk. where n is the amount of data and k is the number of dependent and independent variables, namely 4. Then 100-4 = 96, so t table = 1.984, with a significant 0.05. Because t count > t table value (1.270 < 1.984) with a significant of 0.258 > 0.05, then H0 is accepted and H5 is rejected. So it can be concluded that the brand equity coefficient has no effect on purchasing decisions.

Path Test

In this study, a hypothesis has been formulated which states that there is a direct and indirect effect between the independent variables on the dependent variable. To calculate the magnitude of the indirect effect and the total effect, it can be calculated in the following way:

Direct and Indirect Effect Path Analysis Model
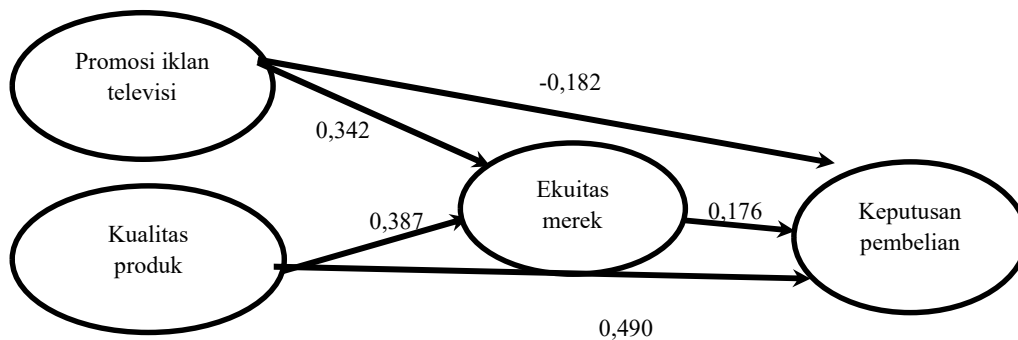
Based on the above calculation, it is known that the direct effect of X1 (television advertising) on purchasing decisions is lower (-0.182) than the indirect effect of brand equity (0.060). The total influence of television advertising on purchasing decisions is -0.122. Meanwhile, the effect of X2 (product quality) on purchasing decisions is higher (0.490) than the indirect effect through brand equity (0.068). The total effect of product quality on purchasing decisions is 0.558.

From the results of these calculations, it can be concluded that television advertising has no effect on purchasing decisions through brand equity and product quality affects purchasing decisions through brand equity.

Discussion

Sobel

Sobel test to determine whether the relationship through mediation is significantly capable of being a mediator in the relationship. If the Z value > 1.98 with a significance level of 5%, it means that the mediating variable is able to mediate the relationship of the independent variable to the dependent. In this Sobel test, there are 2 regressions to be tested, the first test is the television advertising variable on purchasing decisions through brand equity.

Table 5 Sobel test television advertising

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
e (Constant)	8.649	2.665		3.649	.002

	B	Std. Error		Beta	t	Sig.
Iklan televisi	-.052	.163		-.048	-.344	.738
Ekuitas merek	.298	.125		.377	2.341	.033

Source: Primary data processed by the author 2022

From table 5 shows that the regression coefficient value of television advertising on purchasing decisions gets a value of -0.052 with a standard error of 0.163 with a significance value of 0.738 so that television advertising promotions have no effect on purchasing decisions. Then for brand equity on purchasing decisions, it gets a coefficient value of 0.298 with a standard error of 0.125 with a significance value of 0.033. So that brand equity has an effect on purchasing decisions.

From the results of the calculation table above, it can be concluded that television advertising has no effect on purchasing decisions through brand equity.The second test of product quality variables on purchasing decisions through brand equity. The following is a table of product quality variable coefficients on purchasing decisions through brand equity.

Table 6 Sobel test brand equity

	Model	Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
e	(Constant)	5.364	1.818		2.883	.006
	Kualitas produk	.342	.127	.434	2.845	.008
	Ekuitas merek	.092	.125	.127	.769	.430

Source: Primary data processed by the author 2022

From table 5 shows the regression coefficient value of product quality on purchasing decisions gets a coefficient value of 0.342 with a standard error of 0.127 with a significance value of 0.008. So that the quality of the product affects the purchasing decision. Then for brand equity on purchasing decisions, the coefficient value is 0.092 with a standard error of 0.125 with a significance value of 0.430. So that brand equity has an effect on purchasing decisions. From the calculation results of the table above, it can be concluded that product quality influences purchasing decisions through brand equity.

Conclusion

1. Television advertisements have a positive and significant effect on the brand equity of marimas products to customers in the Pakis Subdistrict of Malang.
2. Product quality has a positive and significant effect on brand equity of marimas products to customers in Pakis Malang sub-district.
3. Television advertisements do not significantly influence the purchase decisions of marimas products to customers in the Pakis Subdistrict of Malang.

4. Product quality has a significant and significant effect on purchasing decisions for marimas products to customers in the sub-district of Pakis Malang.

5. Brand equity has no effect on purchasing decisions for Marimas products to customers in the sub-district of Pakis Malang

6. Television advertising has no effect on purchasing decisions through brand equity of marimas products to customers in Pakis Malang sub-district.

7. Product quality has a positive and significant effect on purchasing decisions through the brand equity of Marimas products to customers in the Pakis Subdistrict of Malang.

Based on the results of the study, data analysis and conclusions obtained in this research, the following suggestions can be given:

1. For the company PT Marimas Puetera Kencana

   Based on the respondents' answers regarding the promotion of television advertising and product quality on purchasing decisions through brand equity, most of them chose to agree, but after a path analysis test, it turned out that advertising promotion activities did not have an impact on purchasing decisions. It turns out that this is because the frequency of ad serving is rare so that consumers do not know about Marimas ads. It is hoped that producers will increase the frequency so that consumers are more aware of the Marimas brand and hope that it will lead to purchasing decisions.

2. For Further Research There

   Are only a few variables used in this study, namely two independent variables, one dependent variable and one intervening variable, therefore further researchers can add other variables related to purchasing decisions. So that it can provide a broader picture of what factors influence purchasing decisions. It is recommended to add or replace sampling techniques, such as face-to-face interviews in order to minimize habits and show actual conditions.

Reference

ISMA.S, NUR. 2022. "Pengaruh Ekuitas Merek Dan Kualitas Produk Terhadap Keputusan Pembelian Kemeja Henry Adams Di Mall Panakkukang Makassar".

Kasanti, Novera, Anderson Wijaya, and Suandry. 2019. "Pengaruh Harga Dan Kualitas Produk Terhadap Keputusan Pembelian Produk Safety Merek Proguard Pada PT AIM Safety Indonesia." *Asian Journal of Innovation and Entrepreneurship* 4 (1): 43–51. https://journal.uii.ac.id/ajie/article/download/12470/8992.

Khasanah, I. 2013. "Analisis Pengaruh Ekuitas Merek Terhadap Keputusan Pembelian Mie Instan Sedaap Di Semarang." *Jurnal Dinamika Manajemen* 4 (1): 1–1.

Nora, H Narulita. 2011. "Analisis Pengaruh Kesadaran Merek, Persepsi Kualitas Dan Loyalitas Merek Terhadap Ekuitas Merek," 14–21.

Nugroho, Geger Aji, SL Triyaningsih, and Edi Wibowo. 2016. "Pengaruh Kualitas Produk Terhadap Kepuasan Konsumen Dengan Ekuitas Merk Sebagai Variabel Moderasi." *Jurnal Ekonomi Dan Kewirausahaan* 16 (3): 372–79.

NURLAILA, IIS. 2021. "Pengaruh Ekuitas Merek Dan Kualitas Produk" 9 (2): 114–27.

Santoso, Adi. 2016. "Pengaruh Kualitas Produk Dan Ekuitas Merek Terhadap Keputusan Pembelian." *Ekuilibrium : Jurnal Ilmiah Bidang Ilmu Ekonomi* 11 (1): 43. https://doi.org/10.24269/ekuilibrium.v11i1.112.

Sukrajap, Muhamad Ali, and Jurnal Maksipreneur. 2013. "Terhadap Ekuitas Merek" II (2): 80–100.

Sulistyarianto, D. S. 2015. "Analisis Pemetaan Top Brand Minuman Serbuk Saribuah (Skripsi)."

Wibowo, Agus Mahendra. 2011. "Pengaruh Iklan Dan Promosi Harga Terhadap Ekuitas Merek." *Phys. Rev. E* 2 (September): 1–15.

Yusuf, muhammad reza. 2006. "Pengaruh Ekuitas Merek Terhadap Keputusan Pembelian (Studi Kasus Gudeg 'Yu Djum.'" *THESIS* 1999 (December): 1–6.

Sugiyono. 2010. *Metode Penelitian Pendidikan Pendekatan Kuantitatif, kualitatif,*
dan R&D. Bandung: Alfabeta.

Sugiyono. 2015. *Metode Penelitian Pendidikan (Pendekatan Kuantitatif,*
Kualitatif dan R&D). Penerbit CV. Alfabeta: Bandung.

Kotler, Philip & Kevin, Keller, 2009, *Manajemen Pemasaran*, Gelora aksara Pratama, Jakarta.

Kotler, Philip. *2001*. Manajemen Pemasaran : Analisis,Perencanaan, Implementasi,dan. Kontrol. Jakarta : PT. Prehallindo.

Kotler, Philip dan *Keller* K Lane.*2006*.. Manajemen Pemasaran,Edisi 11. Jakarta: Ghalia.Indonesia.

Kotler, dan Keller. 2007."*Manajemen Pemasaran*". Edisi 12. Jakarta :PT. Perca.

Kotler, Philip dan Armstrong.2008.*Prinsip-prinsip Pemasaran*. Edisi 12. Jilid 1&2. Jakarta : PenerbitErlangga.

Top brand award. 2022. Top brand marimas 2022. Retrieved (https://www.topbrand-award.com/top-brand-index/)

CV. Dimas, 2022,Kantor cabang Malang.

THE EEFECT OF FINANCIAL PERFORMANCE ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE AS MODERATED VARIABLE

Almira Amadea Ken Prihatini

Departement of Accounting, Faculty of Economics and Business, Multi Data Palembang University, Palembang

Siti Khairani, S.E.Ak., M.Si

Departement of Accounting, Faculty of Economics and Business, Multi Data Palembang University, Palembang

Email Correspondence: almiraamadea@mhs.mdp.ac.id

ABSTRACT

This study aims to determine the effect of financial performance on firm value with good corporate governance as a moderating variable. The type of research used is a quantitative approach. The population of this study is all trading sector companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The sampling technique used purposive sampling technique so that 51 financial statements were obtained from 17 samples of companies over a three-year period. Hypothesis testing was carried out using multiple linear regression analysis using SPSS version 26 software. The results of this study indicate that financial performance has no effect on firm value and good corporate governance cannot moderate the effect of financial performance and firm value.

KEYWORDS: Financial Performance, Company Value, Good Corporate Governance.

THE EEFECT OF FINANCIAL PERFORMANCE ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE AS MODERATED VARIABLE

Introduction

The Covid-19 pandemic began in the city of Wuhan, Hubei Province, China and has spread throughout the world, including in Indonesia. This pandemic not only has an impact on public health, but also paralyzes the business sector. One of the business sectors affected by this pandemic is property and real estate companies. Property sales experienced a sharp decline in all segments, both lower class and upper class. According to the General Chair of Real Estate Indonesia (REI) Paulus Totok Lusida in the Zooming with Primus virtual discussion, the property sector experienced a sharp decline due to the Covid-19 pandemic. Malls fell by 85%, hotels fell by 90% on average, offices fell by 74%, and commercial homes fell between 50-80% (Mudzakir, 2020). Therefore, the property and real estate sector was chosen as the subject of this research because this sector experienced a decline in sales. The decline in sales will have an impact on the value of the company.

The value of the company is the price that prospective buyers are willing to pay if the company is sold, the higher the value of the company, the higher the prosperity of shareholders (Akmalia et al., 2017). The value of the company is very important because the high value of the company will be followed by the high prosperity of shareholders (Kadek et al., 2016). With the increase in the value of the company, it will increase investor interest in the company. In this study, the indicator used to measure firm value is Price to Book Value (PBV), which is a comparison of the market price of a stock with book value. The reason Price to Book Value (PBV) is used as an indicator of firm value is because PBV is widely used in investment decision making. The greater the PBV value will affect the company's prospects because the value of the company describes the process of operating financial performance (Marridhani & Amanah, 2020).

Financial performance is one of the factors that become a reference for investors in investing (Rahman, 2020). According to Rahman (2020) companies must continue to improve their financial performance so that the company's shares remain attractive to investors. The better the company's performance, the higher the return that investors get and the better the value of the company. In this study, financial performance uses three indicators, namely Return on Assets (ROA) and Current Ratio (CR).

Return on Assets (ROA) is used to measure the company's ability to generate net income based on certain asset levels. The greater the Return on Assets (ROA), the better the company's performance in generating profits so that it will automatically increase investor interest in the company (Yusmaniarti et al., 2019). Current Ratio (CR) is used to measure the company's ability to meet short-term obligations (Kadek et al., 2016). The greater the ratio of current assets to current liabilities, the higher the company's ability to cover short-term obligations, the company can be said to be in good condition and the value of the company will increase in the eyes of investors (Marridhani & Amanah, 2020).

THE EEFECT OF FINANCIAL PERFORMANCE ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE AS MODERATED VARIABLE

The phenomenon that occurs related to the value of the company is a sharp decline in the Composite Stock Price Index (IHGS) due to the increasing number of Covid-19 cases, causing the property sector share price to minus 21.23%. Several property issuers that also experienced a decline include Summarecon Agung (SMRA) which fell 19.9% with a closing price of Rp. 188 per share, Pakuwon Jati (PWON) which fell by 10.53% with a share price of Rp. 510 per share and Lippo Karawaci. (LPKR) fell 11.5% with a share price of IDR 214 (Safitri, 2020). The decline in stock prices causes the value of the company to decrease as well.

The phenomenon related to financial performance is the case of PT Jaya Real Property Tbk with stock code JRPT which recorded a decrease in net profit of 15.13%. Based on the financial statements in the first semester of 2020, JRPT recorded a net profit attributable to owners of the parent entity of Rp 402.55 billion, which was previously Rp 474.32 billion in the first semester of 2019. JRPT's revenue also decreased by Rp 1.02 trillion in the first semester of 2020. Earnings were 5.5% lower compared to the same period in 2019. This resulted in a decrease in earnings per share from Rp 34.50 per share to Rp 29.33 per share. Liabilities to the company also recorded an increase due to short-term bank loans. The company's total short-term liabilities increased by 14.62%, which was IDR 4.31 trillion from IDR 3.76 trillion in 2019 (Mahardika, 2020). The decrease in income and stock prices as well as the increase in liabilities in this case indicate that the company's performance is not good.

The results of research on financial performance on firm value with ROA indicators conducted by (Hosnia et al., 2016), (Putra & Lestari, 2016), and (Putra & Lestari, 2016) show that Return on Assets (ROA) has an influence significantly positive on firm value. Research on financial performance using CR indicators has been carried out by (Putra & Lestari, 2016) and (Putra & Lestari, 2016) showing that the Current Ratio (CR) has a significant positive effect on firm value. However, research conducted by (Kadek et al., 2016) shows that CR has an insignificant negative effect on firm value.

The results of previous studies show inconsistent results regarding the effect of financial performance on firm value. This is presumably due to other factors that affect the relationship between financial performance and firm value, so the researcher adds another factor, namely Good Corporate Governance (GCG) as a moderating variable. Based on previous research, Romdhoni (2015) in Muslih and Utami (2018) states that Good Corporate Governance (GCG) is a system that regulates and controls a company to create added value for shareholders. In the process of maximizing firm value, corporate governance problems often arise due to the separation between management (agents) and shareholders (principals) (Heder & Priyadi, 2017). This separation is based on agency theory where management tends to increase personal profits rather than corporate goals. One mechanism that is expected to control agency conflicts is to implement good corporate governance, in this study the researchers used Good Corporate Governance (GCG) which is expected to function as a tool to provide confidence to investors that they will receive a return on the funds that have been paid they invest (Aidah, 2016).

Good Corporate Governance (GCG) in this study uses an independent commissioner as an indicator. Independent commissioners are useful for regulating and making decisions regarding the running of the company so that decision making can be more objective so that it can affect the increase in company value (Purwantoro, 2020). Therefore, independent commissioners are used as indicators of GCG because the objective decisions taken are expected to increase the value of the company. Good GCG implementation can reduce risks that may be carried out by internal companies to benefit themselves (Rahman, 2020).

The results of research conducted by (K & Wirajaya, 2017) and (Sari et al., 2018) show that Good Corporate Governance (GCG) can moderate the relationship between financial performance using ROA indicators and firm value. The results of research conducted by (Prayoga & Ariani, 2021) show that GCG can moderate the relationship between financial performance using CR indicators and firm value.

This study aims to see whether return on assets (ROA) has an effect on firm value, whether the current ratio (CR) has an effect on firm value, whether good corporate governance can moderate the effect of return on assets (ROA) on firm value and whether good corporate governance can moderate the effect of current assets on firm value. So in this case in this study, two hypotheses were taken, namely:

1. H1 : Return On Assets (ROA) has an effect on firm value
2. H2 : Current Ratio (CR) has an effect on firm value
3. H3 : Good Corporate Governance moderates the effect of return on assets (ROA) on firm value.
4. H4 : Good Corporate Governance moderates the effect of the current ratio (CR) on firm value.

Method

This research is a quantitative research that uses secondary data. The population used in this study is property and real estate companies listed on the Indonesia Stock Exchange from 2019 - 2021, in the form of financial reports downloaded from www.idx.co.id. namely as many as 59 companies. Sampling using the purposive sampling method with the condition that the company is registered sequentially from 2019-2021, uses the rupiah currency in the annual financial statements, and the company does not experience a loss in 2019-2021. Based on these criteria, there are 25 companies that can be used as samples. The data was processed using the SPSS 26 program.

The tests to be carried out were analysis test analysis using descriptive statistical analysis test, classical assumption test (normality test, multicollinearity test, autocorrelation test, heteroscedasticity test), simple linear regression analysis, hypothesis testing (t test, f test, r square test) then performed Moderated Regression Analysis (MRA).

Result

Descriptive statistics describe the distribution of data in the form of minimum value, maximum value, mean (average), and standard deviation. The result of the descriptive statistical analysis of this study is presented in table 1.

Tabel 1 Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	51	,06	12,42	3,6764	3,02027
CR	51	93,63	735,32	218,1288	116,73171
Nilai Perusahaan	51	,01	,68	,1334	,14181
Good Corporate Governance	51	25,00	66,67	42,0553	10,51406
Valid N (listwise)	51				

Source: Result of data processing with SPSS 26, 2022

Jarque Berra test results show a value of 177.2967. When compared with C^2 count, df=(n-k) = $75 - 2 = 73$ and significant level (α) = 0.05, the value is 89.3912 (Chi Square). Because the value of C^2 count > C^2 table (177.2967 > 89.3912), it can be concluded that the data is not normally distributed. In order to obtain normally distributed data, outliers need to be removed from the research data. Data with extreme values (outliers) can be known using casewise diagnostics.

Based on the calculation results of the Jarque Berra test after outliers, a value of 57.4187 was obtained. When compared with C^2count, df=(n-k) = $51 - 2 = 49$ and significant level (α) = 0.05, the value is 66.3386 (Chi Square). Because the value of C^2count > C^2table (57.4187 > 66.3386), it can be concluded that the data is normally distributed.

The tolerance value of the independent variable in the multicollinearity test shows a value of more than 0.10 and the value of Variance Inflation Factor (VIF) on each independent variable is less than 10 so that the regression model proposed in this study is free from multicollinearity problems. A good regression model is one that does not occur heteroscedasticity (Ghozali, 2013). The heteroscedasticity test is seen from the scatterplot graph and shows that the points spread randomly, spread above and below the number 0 (zero) on the (Y) axis and do not form a pattern. so it can be concluded that there are no symptoms of heteroscedasticity. The autocorrelation test in this study uses the Durbin Watson test which shows that the DW value is 1.636 which is between -2 to +2 so it can be concluded that the regression model in this study does not have autocorrelation problems.

Based on the results of testing with multiple linear regression method to test the effect of the independent variable and the dependent variable, an equation can be drawn up as follows:

Y = 0.187 + 0.002 + 0,000 + e 1

THE EEFECT OF FINANCIAL PERFORMANCE ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE AS MODERATED VARIABLE

Tabel 2 Regresion

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,187	,045		4,191	,000
	ROA	,002	,007	,036	,247	,806
	CR	,000	,000	-,226	-1,540	,130
a. Dependent Variable: Nilai Perusahaan						

1. The value of the firm value constant is 0.187. If there is no influence from Return On Assets (ROA)(X1) and Current Ratio (CR)(X2) and is zero, the firm value remains at 0.187.
2. The value of the regression coefficient of the Return On Assets (ROA) variable is 0.002. If the ROA variable increases by 1%, the Firm Value variable will increase by 0.002.
3. The regression coefficient value of the Current Ratio (CR) variable is 0.000. If the CR variable increases by 1%, the Firm Value variable will increase by 0.000.

The value of T_{table} will be compared with the value of T_{count} as follows:

1. The effect of Return On Assets (ROA) on Firm Value based on the data above, the T_{count} value generated by the ROA variable is 1.445 < 2.010635 with a significance value of 0.157 > 0.05 so it can be concluded that the ROA variable has no effect on Firm Value.
2. The effect of Current Ratio (CR) on Company Value based on the data above, the T_{count} value produced by the CR variable is -1.396 < 2.010635 with a significance value of 0.172 > 0.05 so it can be concluded that the CR variable has no effect on Firm Value.
3. The value of F_{table} in this study was 3.191. So the value of $F_{count} < F_{table}$ (1.204 < 3.191) with a significance value of 0.309. This shows that all of the independent variables of this study, namely Return On Assets (ROA) and Current Ratio (CR) have no simultaneous effect on firm value.
4. The value of R square is 0.048 or 4.8%. This shows that 4.8% of the variation of the independent variable, namely Return On Assets (ROA) and Current Ratio (CR) can explain the variation of the dependent variable, namely Firm Value. While the remaining 95.2% is explained by other factors outside of this research, so it can be said that there are other variables that can affect Firm Value.

This study also examines the effect of the variables Return On Assets (ROA) and Current Assets (CR) on Firm Value with Good Corporate Governance (GCG) which uses an Independent Commissioner as moderating which is obtained as follows:

THE EEFECT OF FINANCIAL PERFORMANCE ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE AS MODERATED VARIABLE

Tabel 3 Roa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,472	,214		2,204	,033
	ROA	,010	,027	,204	,354	,725
	CR	-,002	,001	-1,385	-1,823	,075
	Z	-,007	,005	-,537	-1,405	,167
	ROA_Z	,000	,001	-,315	-,470	,641
	CR_Z	3,754E-5	,000	1,358	1,548	,129
a. Dependent Variable: Y						

The regression equation formed is as follows:

Y = 0.472 + 0.010 -0.002 -0.007 + 0.000 + 3,75 + e 2

1. The constant value of 0.472 means that if the Return On Assets (ROA) and Current Ratio (CR) variables are fixed or constant, the Company Value is 0.482.
2. The regression coefficient value of the ROA*Z interaction variable is 0.000, it can be concluded that if the value of the ROA*Z variable increases by 1 unit and other variables remain constant, then the Firm Value increases by 0.000.
3. The value of the regression coefficient of the interaction variable CR*Z is 3.754, it can be concluded that if the value of the CR*Z variable increases by 1 unit and other variables remain constant, then the Firm Value decreases by 3.754.

The value of Ttable will be compared with the value of Tcount as follows:

1. The t_{value} of the independent commissioner variable moderates ROA to firm value (ROA*Z) of -0.470 with a significance level of 0.641. The value of ttable is 2.010635, then the value of $t_{count} < t_{table}$ value (-0.470 < 2.010635). The significance value is greater than the degree of confidence (0.641 > 0.05). So it can be concluded that the independent commissioner variable moderating ROA has no effect on firm value.
2. The t_{count} value of the independent commissioner variable moderates CR to firm value (CR*Z) of 1.548 with a significance level of 0.129. The value of ttable is 2.010635, so the value of $t_{count} < t_{table}$ value (1.548 < 2.010635). The significance value is greater than the degree of confidence (0.129 > 0.05). So it can be concluded that the independent commissioner variable moderating CR has no effect on firm value.

The value of F_{table} in this study was 3.191. So the value of $F_{count} > F_{table}$ (0.975 < 3.191) with a significance value of 0.444 (0.444 > 0.05). This means that ROA and CR and the moderating variable of the Independent Commissioner have no effect simultaneously or simultaneously on firm value. The value of R square (coefficient of determination) shows a value of 0.098. This means that the contribution of the influence of the financial performance variable using ROA and CR on the Firm Value after the moderating variable (independent commissioner) is 0.098

or 9.8%, it can be concluded that after the moderating variable (independent commissioner) can moderate the effect of financial performance using ROA and CR to Firm Value.

Discussion

1. Effect of Return On Assets (ROA) on Firm Value

The Tcount value generated by the ROA variable is 1.445 < 2.010635 with a significance value of of 0.157 > 0.05 so it can be concluded that financial performance using the ROA indicator has no effect on firm value and the hypothesis (H1) in this study can be concluded to be rejected.

The results of this study are in line with research conducted by (Utami & Welas, 2019), (Hakim, 2019) and (Hardika et al., 2019) which found that financial performance variables using Return On Assets (ROA) had no effect on firm value. . The results showed that the low return on assets (ROA) made investors not interested in investing their capital because if the ROA decreased it would be followed by a decrease in the value of the company.

Conversely, a high ROA value will increase investor interest in the company and will increase the value of the company. In agency theory, it is explained that there are different interests between the principal and the agent. The principal will demand that the agent work better so as to produce good company value and the agent will provide confidence to investors that they will receive returns or returns on the funds they have invested. The results of this study are not in line with research conducted by (Mardani & Salim, 2016), (Ngurah et al., 2016), and (Bagus et al., 2016) which state that ROA has a positive effect on firm value.

2. Effect of Current Ratio (CR) on Firm Value

The Tcount value produced by the CR variable -1.396 < 2.010635 with a significance value of 0.172 > 0.05 so it can be concluded that the CR variable has no effect on firm value and the hypothesis (H2) in this study can be concluded to be rejected. The results of this study are in line with research conducted by (Sukmawardini & Ardiansari, 2018), (Utami & Welas, 2019), and (Saputri & Giovanni, 2021) which found that CR had no effect on firm value. Current Ratio (CR) is a ratio that describes the company's ability to meet its short-term obligations. A high CR value indicates the company has sufficient assets to pay its short-term debt so that the level of investor confidence in the company increases. However, in this study it is stated that CR has a negative effect on firm value.

This happens because the higher the CR value, it can be indicated that there are funds that are idle or not utilized by the company's management in their operational activities so that a high CR actually reduces the value of the company. The negative influence between CR and firm value can also occur because this ratio only shows the company's ability to meet short-term debt, so that when investors invest their capital does not pay attention to the liquidity factor of the company. In agency theory, it is explained that there are different interests between the principal and the agent. The principal will demand that the agent

work better so as to produce good company value, then the Current Ratio (CR) which reflects the company's ability to meet short-term obligations to see if the company is able to pay its short-term debt. This study is not in line with that conducted by (Ngurah et al., 2016), (Hosnia et al., 2016) which states that CR has a positive effect on firm value.

3. **Effect of Return On Assets (ROA) on Firm Value with Independent Commissioner as Moderating Variable**

The tcount value of the independent commissioner variable moderated ROA on firm value (ROA*Z) of tcount < ttable value (-0.470 < 2.010635). The significance value is greater than the degree of confidence (0.641 > 0.05). So it can be concluded that Good Corporate Governance (GCG) which uses the Independent Commissioner indicator is not able to moderate the influence of ROA on firm value and it can be concluded that the hypothesis (H4) is rejected.

The results of this study are in line with (Padmayanti et al., 2019) and (Diana et al., 2019) which state that the Independent Commissioner cannot moderate the effect of financial performance on firm value. The results of this study indicate that the market does not use information about GCG in investing because investors do not pay attention to GCG disclosures made by the company. This means that many or not the number of independent commissioners has nothing to do with ROA in increasing the value of the company because investors are more focused on the profits generated by the company. In agency theory, it is explained that there is a difference of interest between the principal and the agent whose decision making is given to the manager. The principal will demand that the agent work better so as to produce good company value. However, in practice sometimes agents or managers take actions for their own interests that can damage the trust of the principal. Managers (agents) can decrease or increase company profits. As a result, the results of Return on Assets (ROA) are inaccurate and can affect the principal in making future decisions.

4. **The t_{count} value of the independent commissioner variable moderated CR to firm value**

The tcount value of value of the independent commissioner variable moderated CR to firm value(CR*Z) of 1.548 with a significance level of 0.129. The value of t_{table} is 2.010635, so the value of t_{count} < t_{table} value (1.548 < 2.010635). The significance value is greater than the degree of confidence (0.129 > 0.05). It can be concluded that Good Corporate Governance (GCG) which uses the Independent Commissioner indicator is not able to moderate the effect of CR on firm value and indicates that the hypothesis (H5) is rejected.

The results of this study are in line with studies (Padmayanti et al., 2020), (Mariani et al., 2016) and (Frabella & Maryanti, 2021) which state that good corporate governance cannot moderate the effect of financial performance using CR indicators on firm value. This shows that investors do not use information about good corporate governance in making investments and do not focus on whether or not there are many independent

commissioners in the company. However, investors focus on how the company's management uses debt effectively and efficiently in order to get added value for the company.

In agency theory, it is explained that there is a difference of interest between the principal and the agent whose decision making is given to the manager. The principal will demand that the agent work better so as to produce good company value. However, in practice sometimes agents or managers take actions for their own interests that can damage the trust of the principal. Managers (agents) can decrease or increase the company's short-term debt. As a result, the results of the Current Ratio (CR) are inaccurate and can affect the principal in making future decisions. This study is not in line with that conducted by Endrayani (2020) and (Prayoga & Ariani, 2021) which state that independent commissioners can moderate the effect of financial performance using CR indicators on firm value.

Conclusion

1. The performance of the company using the ROA indicator does not significantly affect the value of the company. This is evidenced by the results of the t test showing that ROA has a Tcount value of 1.445 < 2.010635 with a significance value of 0.157 > 0.05 so it can be concluded that the ROA variable has no effect on firm value.

2. Company performance using the CR indicator has no significant effect on Company Value. This is evidenced by the results of the t test showing that the Current Ratio (CR) has a Tcount value of -1.540 < 1.689572 with a significance value of 0.130 > 0.05 so it can be concluded that the CR variable has no effect on firm value.

3. Independent commissioners cannot moderate (strengthen or weaken) the performance of companies that use the ROA indicator on Company Value. This is evidenced by the results of the MRA t test showing that the tcount value of the independent commissioner variable moderates ROA on firm value (ROA*Z) tcount < ttable value (-0.470 < 2.010635). The significance value is greater than the degree of confidence (0.641 > 0.05). So it can be concluded that the independent commissioner variable moderating ROA has no effect on firm value.

4. Independent commissioners cannot moderate (strengthen or weaken) the performance of companies that use the CR indicator on Company Value. This is evidenced by the results of the MRA partial test (T test) showing the tcount < ttable value (1.548 < 2.010635). The significance value is greater than the degree of confidence (0.129 > 0.05). So it can be concluded that the independent commissioner variable moderating CR has no effect on firm value.

Reference

Aidah, Roselly. 2016. "Pengaruh Kinerja Perusahaan, Good Corporate Governance Dan Corporate Social Responsibility Terhadap Nilai Perusahaan."

Akmalia, Alien, Kevin Dio, and Nurul Hesty. 2017. "Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Corporate Social Responsibility Dan Good Corporate Governance Sebagai Variabel Pemoderasi (Studi Empiris Pada Perusahaan Manufaktur Di Bursa Efek Indonesia Periode 2010-2015)." 8(2):200–221.

Heder, and Maswar Patuh Priyadi. 2017. "Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Kebijakan Dividen." *Jurnal Ilmu Dan Riset Manajemen* 5(2):1–21.

Hosnia, Rawiyatul, Ronny Malavia Mardani, and Budi Wahono. 2016. "Pengaruh Kebijakan Dividen, Keputusan Investasi, Keputusan Pendanaan Kepemilikan Institusional Dan Likuiditas Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Pada Periode 2014-2016." *Riset Manajemen Prodi Manajemen* 86–98.

K, Khika Indira Putri H., and I. Gede Ary Wirajaya. 2017. "Pengaruh Kinerja Pada Nilai Perusahaan Dengan Good Corporate Governance Sebagai Variabel Pemoderasi." *E-Jurnal Akuntansi Universitas Udayana* 21(1):1–28.

Kadek, Ni, Ayu Sudiani, Ni Putu, and Ayu Darmayanti. 2016. "Pengaruh Profitabilitas, Likuiditas, Pertumbuhan Dan Investment Opportunity Set Terhadap Nilai Perusahaan." 5(7):4545–47.

Marridhani, Anatiya Rizky, and Lailatul Amanah. 2020. "Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Property and Real Estate Yang Terdaftar Di Bursa Efek Indonesia)." *Jurnal Ilmu Dan Riset Akuntansi* 9(7).

Prayoga, Anang, and Kurnia Rina Ariani. 2021. "The Effect Of Liquidity And Solvency On Company Value With Good Corporate Governance As Moderating Variables Pengaruh Likuiditas Dan Solvabilitas Terhadap Nilai Perusahaan Dengan Good Corporate Governance Sebagai Variabel Moderasi." (2017):190–99.

Putra, AA Ngurah Dharma Adi, and Putu Vivi Lestari. 2016. "Pengaruh Kebijakan Dividen, Likuiditas, Profitabilitas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan." *E-Jurnal Manajemen Unud* 5(7):4044–70.

Rahman, Fathur. 2020. "Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Corporate Social Responsibility (CSR) Dan Good Corporate Governance (GCG) Sebagai Variabel Pemoderasi Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Periode 2015-2019." *Skripsi*.

Sari, Auliyah Palupi Putri Indah, Ronny Malavia Mardani, and M. Agus Salim. 2018. "Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan CSR Dan GCG Sebagai Variabel Pemoderasi." *Riset Manajemen* (3):78–85.

Yusmaniarti, Hesti Setiorini, and Lola Pitaloka. 2019. "Pengaruh Good Corporate Governance, Profitabilitas, Dan Leverage Terhadap Nilai Perusahaan Pada Perusahaan Property Dan

THE EEFECT OF FINANCIAL PERFORMANCE ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE AS MODERATED VARIABLE

Real Estate Indonesia." *Jurnal Ilmiah Akuntansi* 3(4):406–18.

INFLUENCE OF INTELLECTUAL CAPITAL AND PUBLIC OWNERSHIP ON PROFIT MANAGEMENT

Ade Putra Dinata

Department of Accounting, MDP University, Indonesia

Usnia Wati Keristin, S.E., M.Si

Department of Accounting, MDP University, Indonesia

Email Correspondence: adep96@mhs.mdp.ac.id

ABSTRACT

This study aims to determine the effect of intellectual capital and public ownership on earnings management. The population used in this study is the trading, service, and investment sector companies of the wholesale trade (wholesale) sector which are listed on the Indonesian stock exchange from 2018-2020. The sample collection technique in this study used the purposive sampling method, namely the technique of collecting samples based on non-random information with certain criteria. The results of this study indicate that the variables of intellectual capital and public ownership have no significant effect on earnings management.

KEYWORDS: Intellectual Capital, Public Ownership, Earning Management.

Introduction

Each company periodically in a certain period will report all financial activities in the form of financial statements. This is done by the company to create information that is used in assessing the company's performance. Financial statements are activities of recording money and transactions in business during the current financial year period. Financial statements describe the financial condition and results of operations of a company at a certain time or a certain period of time (Harahap 2013: 105). In 2020, economic activity around the world experienced a decline due to the Covid-19 pandemic which spread throughout the world, including in Indonesia. The Covid-19 pandemic does not only affect health, but also has an impact on the business sector. One of the affected business sectors is trading sector companies. The trade sector was affected by the Covid-19 pandemic that occurred in China, some raw materials for industry in Indonesia were still supplied from China, which experienced production constraints due to quarantine in a number of areas to stem the Corona Virus (Kemendag.go.id). China is one of the countries with the most influential economy in the world, as a result of the Covid-19 Pandemic in China which has disrupted its economic sector, this has also affected the economies of other countries that are trading partners, one of them is Indonesia.

The trade sector was chosen as the subject of this research because this sector experienced a decline in import and export performance as a result of the Covid-19 pandemic. During the Covid-19 pandemic, the trade sector is expected to encourage economic growth in Indonesia to produce good financial performance and earnings management in order to generate maximum profits that can improve the economy in Indonesia. The earnings management phenomenon carried out by PLN managed to record an increase in revenue from Rp255.29 trillion in 2017 to Rp272.89 trillion in 2018. There are two records that have succeeded in beautifying PLN's financial statements. The first is the post of compensation income. Compensation income is receivables from compensation from the government for the replacement of the Cost of Provision (BPP).

This government compensation receivable is recognized as income on an accrual basis As of December 31, 2018, the company's compensation receivables amounted to Rp23.17 trillion. The second is net other income which recorded an increase of 359.34 percent from Rp. 3.40 trillion in 2017 to Rp. 15.66 trillion in 2018. In the financial statements, PLN explained that income from the government is a receivable from the government which is recognized as income of Rp. 7, 45 trillion. In addition, the surge in net other income was also contributed by the adjustment in the purchase price of fuel and lubricants. It was noted that the adjustment in the purchase price of fuel and lubricants rose 487.30 percent from Rp. 688.33 billion in 2017 to Rp. 4.04 trillion in 2018. Chief Economist of The Indonesia Economic Intelligence Sunarsip assessed that the recording of net profit from companies that recorded receivables as company revenues did not have problem as long as there has been a transaction on the

receivable. Therefore, the company is entitled to recognize it as revenue. Yose Rizal Damuri, as Head of the Department of Economics at the Center for Strategic and International Studies (CSIS) stated that one of the company's efforts to beautify its financial statements is by recording receivables as income. According to him, the governance of the three companies has fallen apart, so it is necessary to implement Good Corporate Governance (GCG) in every company. Improving the governance of BUMN companies can be started by determining the main tasks of the company, both the task of seeking profit to contribute to state revenue or providing services to the public (Arieza, 2019). Earnings management is an accounting characteristic that contains many estimates, judgments and accruals that open up opportunities to manage earnings (Harahap, 2011). Profit is a very important financial component for internal and external parties. Profit is often used as a basis for decision making for interested parties. By looking at the profits of a company, investors can make a decision whether to invest or not. Earnings information must describe the actual economic condition of the company, but in fact management often manipulates financial statements by increasing profits for their own interests. The higher the profit earned, the higher the bonus that will be obtained from the company to the management as the party that manages the company directly.

The action of management manipulating financial statements by increasing profits from what actually indicates the existence of earnings management practices. according to Wirakusuma (2016) earnings management is a deliberate management based on the limits of financial accounting standards to regulate earnings at a certain level. Earnings management is done by adjusting the accrual component in the financial statements or manipulation, the accrual component is the easiest component to be manipulated in accordance with the wishes and objectives of the person who records the financial statements (manager). One of the motivations that encourage managers to carry out earnings management is for the manager's personal gain. According to research conducted by Dewi Sri Rahayu (2018), earnings management in its activities there is management intervention in compiling the company's financial statements for external parties to achieve certain profits with the aim of benefiting themselves or the company. The most fatal activity in earnings management is manipulating the company's profits which can result in the company losing support from stakeholders, Stakeholders can give negative responses in the form of pressure from investors, sanctions from regulators, and negative mass media coverage. This activity is a form of stakeholder dissatisfaction in the company's performance that manipulates earnings management and ultimately damages the company's reputation in the capital market.

One important factor in earnings management is Intellectual Capital. Intellectual capital is a measurement of intangible assets and is an integral part of the company in the value creation process, and plays an important role in maintaining the company's competitive advantage (Bollen et al. In Hapsari, 2015). Bontis et al (2000) in Ulum (2008) stated that in general researchers divide intellectual capital into three components, namely: Human Capital (HC),

Structural Capital (SC), and Employed Capital (CE). IC disclosure plays an important role in disclosing tangible and intangible assets owned by the company so that it will create company value. With this disclosure, it is expected to provide real conditions regarding the company. On the other hand, if the IC runs well, it is possible for management to provide different information in financial reports (earnings management) it will be more difficult to do because of the transparency principle that has been carried out.

Research conducted by Nawang Kalbuana et al (2020) on the Effect of Intellectual Capital, Corporate Governance and Audit Quality on Earnings Management. This research was conducted on transportation companies and listed on the Indonesia Stock Exchange in 2014-2018. The results of this study indicate that intellectual capital, corporate governance as proxied by institutional ownership, and managerial ownership and audit quality simultaneously affect earnings management in transportation companies. Intellectual capital has a positive effect on earnings management. corporate governance as proxied by institutional ownership and managerial ownership has no effect on earnings management. Share ownership in a company is important. One of the shareholdings that affect the company is public ownership. According to Sairin (2018), public share ownership is the share ownership of each shareholder who owns less than 5% of the issuer's shares. The larger the public shares, the management behavior can be controlled. The existence of public shares makes it easier to monitor and intervene that can affect the actions of managers.

The theory used in this research is agency theory. Agency theory describes two conflicting economic actors, namely the principal and the agent. Scott (2015) in Syahrani (2019) argues that agency theory is a contract made by agents (management) with principals (investors) where the investor or company owner appoints an agent who manages the company on behalf of the company owner. The management is chosen to manage the company that works in the interests of investors as shareholders. The management is given the power to make the best decisions in managing the company. The management must be responsible for all decisions taken to the shareholders. The management has a moral responsibility to the principal to maximize profits as a form of reward for having received the appropriate contract. Agency theory states that earnings management occurs due to conflicts between agents (management) and principals (investors) that arise because each party tries to maintain and achieve their respective goals. The policies taken by management create differences in interests between management and investors. Agency theory in this study has a role as the basis for business practices to increase firm value and provide prosperity to the principal.

This study aims to see whether Intellectual Capital and Public Ownership have an effect on Earnings Management. So that in this research three hypotheses were taken, namely :

H1 : Intellectual Capital has an effect on earnings management
H2 : Public Ownership has an effect on earnings management

Method

The data used is secondary data. The data used in this study is in the form of published annual financial reports of trading sector companies taken from the Indonesia Stock Exchange for the 2018-2020 period which has been obtained from the IDX official website www.idx.co.id. The population used in this study is the trade, service, and investment sector companies of the wholesale trade (wholesale) sector which are listed on the Indonesian stock exchange from 2018-2020, in the form of financial reports downloaded from www.idx.co.id, which are 39.

The sample collection technique in this study used the purposive sampling method, namely the technique of collecting samples based on non-random information with certain criteria (Sugiyono, 2017). The data collection technique in this research is the documentation method. The data collected is the annual financial report of trading sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2020 period. The data analysis technique in this study uses descriptive statistical analysis, classical assumption test (normality test, multicollinearity test, heteroscedasticity test, autocorrelation test), multiple linear regression analysis, hypothesis testing (R^2 test, T test, F test).

Result

Descriptive Statistics

Descriptive statistical analysis displays the minimum, maximum, mean and standard deviation values. the results of the descriptive statistical analysis are depicted in table 1.

Tabel 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Intellectual Capital	96	-169,61	7,10	-1,6691	20,81872
Kepemilikan Publik	96	,01	,72	,2729	,17507
Manajemen Laba	96	-,72	,37	-,0566	,16324
Valid N (Listwise)	96				

Normality Test

Tabel 2 Normality Test

	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Standardized Residual	96	,0000000	-,941	,246	3,204	,488
Valid N (listwise)	96					

$$JB = n\left[\frac{S^2}{6} + \frac{(K-3)^2}{24}\right]$$

$$JB = 96\left[\frac{-0{,}941^2}{6} + \frac{(3{,}204-3)^2}{24}\right]$$

$$JB = 96\,(0,14758 + 0,00173)$$

$$JB = 14,33376 \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 1$$

JB Test results show a value of 14.33376. When compared with C2count, df = (n-k) = 96-2 = 94 and significance level (α) = 0.05, the value is 117.6317. Because the value of C2count < C2table (14.33376 < 117.6314), it can be concluded that the data is normally distributed.

Multicollinearity Test

Tabel 3 Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	-,041	,031		-1,339	,184		
	INTELLECTUAL CAPITAL	,001	,001	,133	1,293	,199	,997	1,003
	Kepemilikan Publik	-,049	,096	-,053	-,512	,610	,997	1,003
a. Dependent Variable: Manajemen Laba								

The calculation results show that there is no multicollinearity in this study because there is no variable that has a tolerance value ≤ 0,10 and a VIF value ≥ 10.

Heteroscedasticity Test

Tabel 4 Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	,108	,022		4,944	,000
	INTELLECTUAL CAPITAL	,000	,001	,081	,781	,437
	Kepemilikan Publik	,024	,068	,036	,350	,727
A. Dependent Variable: Abs_RES						

Based on table 4 shows that the significance value of each variable has a value of more than 0.05 so it can be concluded that there is no heteroscedasticity in this regression model.

Autocorrelation Test

Tabel 5 Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,146[a]	,021	,000	,16323	1,816
a. Predictors: (Constant), Kepemilikan Publik, INTELLECTUAL CAPITAL					
b. Dependent Variable: Manajemen Laba					

Based on table 4.5 above, it can be seen that the Durbin Watson value is 1.816 which is

between -2 to +2 so it can be concluded that the regression model in this study does not have an auto correlation problem.

Multiple Linear Regression Analysis

Tabel 6 Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,041	,031		-1,339	,184
	INTELLECTUAL CAPITAL	,001	,001	,133	1,293	,199
	Kepemilikan Publik	-,049	,096	-,053	-,512	,610
a. Dependent Variable: Manajemen Laba						

Y = -0,041 + 0,001IC − 0,049KP 2

Earnings management constant value is -0.041. If there is no influence from intellectual capital (X1), public ownership (X2) and has a value of zero, then earnings management (Y) remains at -0.041 The regression coefficient value of the intellectual capital variable is 0.001. If there is an increase of 1% of the intellectual capital variable, the value of the intellectual capital variable will increase by 0.001. The regression coefficient value of public ownership is -0.049. If there is an increase of 1% in the variable of public ownership, the value of the variable of public ownership will decrease by -0.049.

R^2 Test

Tabel 7 R^2 Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,146[a]	,021	,000	,16323
a. Predictors: (Constant), Kepemilikan Publik, INTELLECTUAL CAPITAL				

Based on table 7, it can be seen that the value of R square is 0.021, which means that the influence of the independent variable (X) on the dependent variable (Y) is 2.1% and the remaining 97.9% is influenced by other variables outside this study.

T Test

Tabel 8 T Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,041	,031		-1,339	,184
	INTELLECTUAL CAPITAL	,001	,001	,133	1,293	,199
	Kepemilikan Publik	-,049	,096	-,053	-,512	,610
a. Dependent Variable: Manajemen Laba						

To calculate the value of T table using the provisions of = 0.05 and df = n-(k+1) = 96-(2+1) = 93 so that the value of Ttable will be compared with the value of Tcount in accordance with the table above, namely:

The effect of Intellectual Capital on earnings management based on the data above, the T value generated by the Intellectual Capital variable is 1.293 < 1.66140 with a significance value of 0.199 > 0.05 so it can be concluded that the Intellectual Capital variable has no effect on earnings management. The effect of public ownership on earnings management based on the data above, the Tcount value generated by the public ownership variable is -0.512 < 1.66140 with a significance value of 0.610 > 0.05 so it can be concluded that the public ownership variable has no effect on earnings management.

F Test

Tabel 9 F Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,054	2	,027	1,009	,369[b]
	Residual	2,478	93	,027		
	Total	2,531	95			
a. Dependent Variable: Manajemen Laba						
b. Predictors: (Constant), Kepemilikan Publik, INTELLECTUAL CAPITAL						

From the above equation, the Ftable value is obtained using the formula df = n-(k+1) = 96-(2+1) = 93 so that the resulting Ftable value is 3.09. Based on the table above, it can be seen that the value of Fcount < Ftable with a significance value of 0.369. This shows that all the independent variables of this study, namely Intellectual Capital and public ownership, do not have a simultaneous effect on earnings management.

Discussion

1. **Influence of Intellectual Capital on Earnings Management**

   Based on table the partial test (T test) shows that the Intellectual Capital variable has a Tcount value generated by the Intellectual Capital variable of 1.293 < 1.66140 with a significance value of 0.199 > 0.05 this indicates that the Intellectual Capital variable has no effect on earnings management and The hypothesis (H1) in this study can be concluded that it is rejected.

   The results of this study are in line with research conducted by Anggraini et al. (2019), Indra and Trisnawati (2020), Hapsari et al. (2022). According to the results of Indra and Trisnawati's research (2020) found that the Intellectual Capital variable as measured by Human Capital, Structural Capital, Capital Empolyed owned by the company did not have a large contribution to the disclosure of earnings in financial statements, even though employees who are a source of human capital for the company have High knowledge and competence cannot guarantee the quality in reporting earnings in financial statements

because the management wants to earn profits so that they carry out earnings management. In agency theory it is explained that management and stakeholders have different interests so that earnings management is difficult to suppress. Education, experience of employees, especially top-level employees, namely management is impossible not to do earnings management. although the system in the company has been well designed, the management is still trying to report the highest profit. In other words, Intellectual Capital is not the only determining factor that can suppress earnings management.

This result is contrary to research conducted by Tendy Wato (2016), Mertha Jaya et al. (2021) which states that Intellectual Capital has a positive effect on earnings management. According to the results of Tendy Wato's research (2016), it is found that companies that have large intellectual capital logically have a competitive advantage in their human resources. With this competitive advantage, they can easily manage reported earnings which in turn affects the company's future market performance. This condition occurs because market participants tend to directly respond to earnings information rather than responding to information about intellectual capital.

2. **Effect of Public Ownership on Earnings Management**

Based on table the partial test (T test) shows that the public ownership variable has a Tcount value generated by the public ownership variable of -0.512 < 1.66140 with a significance value of 0.610 > 0.05 this indicates that the public ownership variable has no effect on earnings management and The hypothesis (H2) in this study can be concluded that it is rejected.

The results of this study are in line with research conducted by Azlina (2010), Suhartanto (2015), Edastami and Kusumadewi (2022). According to Azlina (2010), he found that public ownership has no effect on earnings management because the proportion of public ownership tends to be a minority so that it cannot be an intervention tool and monitoring tool, or is unable to provide a significant influence on the discipline of the agent in acting in accordance with the wishes of the principal. So it can be said that the composition of share ownership by the public has not been an effective tool in preventing opportunistic management activities to carry out earnings management activities. In agency theory it is explained that management and stakeholders have different interests so that earnings management is difficult to suppress. With minority public ownership, the management can easily carry out earnings management due to the lack of influence from public ownership to suppress earnings management.

This result is contrary to research conducted by Sukirno et al. (2017), Utami et al. (2021) which states that public ownership has a negative effect on earnings management. Sukirno et al. (2017) found that the greater the percentage of shares offered to the public during the IPO, the smaller the earnings management practice. This is due to the increasing supervision of public investors on financial reports produced by management. The existence of public investors causes management to be obliged to provide financial

information on a regular basis as a form of accountability, thereby reducing the possibility of earnings management practices.

Conclusion

Based on the results of research on the effect of intellectual capital and public ownership on earnings management in trading sector companies listed on the Indonesia Stock Exchange in 2018-2020, the following conclusions are obtained:

1. Intellectual Capital has no significant effect on earnings management. this is evidenced by the results of the partial test (T test) showing that the Intellectual Capital variable has a Tcount value generated by the Intellectual Capital variable of 1.293 < 1.66140 with a significance value of of 0.199 > 0.05
2. Public ownership has no significant effect on earnings management. This is evidenced from the results of the partial test (T test) showing that the public ownership variable has a Tcount value generated by the public ownership variable of -0.512 < 1.66140 with a significance value of 0.610 > 0.05.

Suggestions
Based on the results of research on the effect of intellectual capital and public ownership on earnings management in trading sector companies listed on the Indonesia Stock Exchange in 2018-2020, suggestions can be given to several parties as follows:

Company
Companies are expected to be able to make considerations in determining company policies, especially related to earnings management.

Investors
This research is expected to be a material for consideration and input for investors who will invest. It is hoped that investors will be more careful in making decisions to invest in a company

For Further Research
Future researchers are expected to be able to examine companies in other sectors other than trading sector companies listed on the Indonesia Stock Exchange with a longer period in order to obtain better results. For example, research was conducted on property and real estate sector companies listed on the Indonesia Stock Exchange with a research period of 5 years.

Reference

Anggraini, N., Sebrina, N., & Afriyenti, M. 2019. "Pengaruh Intellectual Capital Terhadap Kualitas Laba". *Jurnal Eksplorasi Akuntansi*, *1*(1), 369.387.

Arieza. Ulfa. 2019. Berita Menyoal Laba BUMN yang Mendadak Kinclong, Diakses 25 Februari 2022, dari https://www.cnnindonesia.com/ekonomi/20190531144248-92-400048/menyoal-laba-bumn-yang-mendadak-kinclong.

Bontis, N. 2000. "Intellectual Capital and Bussiness Performance in Malaysian.Industries,". *Journal of Intellectual Capital, 1 (1): 85-100*

Hapsari, Ira dkk. 2022. "Pengaruh Intellectual Capital Terhadap Earning Management Dengan Profitabilitas Sebagai Variabel Moderasi (Studi Pada Perbankan Indonesia dalam Menghadapi Blueprint Sistem Pembayaran Indonesia 2025)", *Edunomika, 06(01) .*

Harahap, Sofyan Syafri. 2011. *Teori Akuntansi*, Raja Grafindo Persada, Jakarta

Harahap, Sofyan Syafri. 2013. *Analisis Kritis atas Laporan Keuangan*, Rajawali Persada, Jakarta.

Indra, Ferdinandus and Estralita Trisnawati. (2020). "Penagruh Modal Intelektual Terhadap Kualitas Laba dengan Manajemen Laba Sebagai Pemediasi". *Jurnal Multiparadigma Akuntansi Tarumanegara, 2* : 1753 – 1762.

Jaya, I Made Laut Mertha et al. (2021). "Impact of Intellectual Capital on Earnings Management: Financial Statement Fraud In Indonesia". *JEFMS, 4 (06).*

Kalbuana, Nawang et al. 2020. "Pengaruh Intellectual Capital, Tata Kelola Perusahaan dan Kualitas Audit Terhadap Manajemen Laba". *Jurnal Akuntansi Berkelanjutan Indonesia, 3*(1).

Sugiyono. 2017. *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*, Alfabeta CV, Bandung.

Syahrani, Tiara. 2019." Pengaruh Profitabilitas, Kualitas Audit, Nilai Perusahaan, Dewan Komisaris Independen dan Ukuran Dewan Komisaris Terhadap Manajemen Laba Perusahaan Manufaktur yag Terdaftar di BEI". *Jurnal Firness,* 9(1): 45-48.

Wato, Tendy (2016). "Pengaruh Modal Intelektual terhadap Manajmen Laba Riil dan Future Stock Returns". *Media Riset Akuntansi, Auditing & Information*, *16*(2), 107-124.

MEDIA DISCLOSURE AND FINANCIAL PERFORMANCE IN CORPORATE SOCIAL RESPONSIBILITY: EVIDENCE FROM INDONESIAN MINING

Firyal Haniyah Shifa

Department of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Justita Dura

Department of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Email Correspondence: firyalshifa281@gmail.com

ABSTRACT

This study aims to determine the influence of media disclosure and financial performance on CSR. The research population is a mining company listed on the Indonesia Stock Exchange (IDX) in 2019-2021.The sampling technique used is purposive sampling technique, which is technique of determining samples with certain considerations. The samples used were 17 mining companies. This type of research is descriptive quantitative. The use of secondary data from IDX publications and official websites of mining companies in the form of time series data, namely media disclosure and financial performance. This study used multiple linear regression analysis with the EVIEWS 12.0 software program tool. The results of the study found that, from the results of the t-test, it can be concluded that each variable of media disclosure and financial performance has a significant effect on CSR in mining companies. The results of the coefficient of determination test (R^2) showed that the ability of independent variables (media disclosure and financial performance) in explaining dependent variables (CSR) was 55.26 percent while the remaining 44.74 percent was explained by other variables outside the model R^2.

KEYWORDS: Media Disclosure, Financial Performance, Corporate Social Responsibility, Mining

MEDIA DISCLOSURE AND FINANCIAL PERFORMANCE IN CORPORATE SOCIAL RESPONSIBILITY: EVIDENCE FROM INDONESIAN MINING

Introduction

The growing demand for social and environmental accountability by external stakeholders is putting considerable pressure on companies to achieve desired goals beyond the maximization of shareholder value. Some companies respond by participating in socially responsible activities to build value-creating relationships with their key stakeholders, while others consider corporate social responsibility (CSR) to be a rare misalignment of corporate resources. The controversy over whether and how CSR affects the company's performance has attracted scientific interest. Various studies have discussed the relationship between CSR and a company's financial performance (Campbell, 2007; Manchiraju & Rajgopal, 2017; Servaes & Tamayo, 2021) which may be fruitful but not convincing.

Recently, developments in the world of technology and the economy have accelerated, forcing existing companies to follow these changes. This happens because of the fierce business competition between companies so they are competing to create innovations that can meet the needs of their people in the most effective way. In the beginning, many companies only maximized profits by carrying out operational activities regardless of the impact on the environment and their communities so there was environmental damage which caused the trust of their communities to also decrease. However, currently, companies are required to provide a good image by paying attention to the environment or better known as corporate social responsibility (CSR). In Indonesia in particular, CSR was largely initiated by large companies to support sustainable development, the central government stepped in by developing CSR guidelines that obliged some companies to disclose CSR information in their annual reports. The government also strongly encourages the voluntary disclosure of socially responsible activities by companies.

CSR activities are carried out by the company's management policy by making the surrounding environment the object of its activities. The bad and polluted environment caused by the company's operational activities will be a problem for the company because it will affect investors' decisions. Investors will consider a high-profit company with a good working environment. One of the corporate sectors that often face this problem is mining companies. Mining companies have to deal directly with nature in the production process because they have to process natural resources into finished goods that are ready to be used for daily life. In addition, this company is the largest contributor in causing pollution, waste, and labor.

The pollution case that occurred in the Malinau and Sesayap Rivers occurred due to the embankment of the sewage pond of the coal company PT. Kayan Putra Utama Coal (KPUC) in Malinau, North Kalimantan, broke down. As a result, river water is polluted with sewage and the quality of health of local communities decreases as food security and the economy gradually decline. Likewise with the PT. Caltex Pacific Indonesia (CPI) conflict causes environmental pollution and social problems so that it experiences losses in health and economic aspects (Plorensia & Hardiningsih, 2018).

MEDIA DISCLOSURE AND FINANCIAL PERFORMANCE IN CORPORATE SOCIAL RESPONSIBILITY: EVIDENCE FROM INDONESIAN MINING

The above case is an act of not attaching importance to CSR that will harm the company and the surrounding environment, this will have an impact on the decline of the company's image to the sanctions that must be borne by the company. In addition, the termination of the company's operational activities will occur if the company gets severe sanctions from the government or there is no action to solve the problems that occur.

In such situations, some socially responsible companies integrate CSR criteria into corporate governance decisions, and some disclose CSR information along with annual financial statements to show their efforts in meeting their CSR commitments (Chang, 2016). However, most private companies in China often prioritize economic goals at the expense of stakeholders, such as employees, consumers, and the environment. Some companies try to avoid compliance with CSR codes due to the absence of effective supervision (Ip, 2009). Some companies avoid performing social obligations in the first place and are thus open to public criticism related to environmental pollution, unsafe food, low-quality products, and so on. However, companies that fulfill more social responsibility offer a positive image to consumers. According to the existing literature, stakeholder perceptions of CSR activities are very important and help increase consumer confidence and brand loyalty (Stanaland, Lwin, & Murphy, 2015). Therefore, most companies tend to publicize their charitable activities to improve stakeholder responsiveness, leading to expansion in corporate communication.

However, the public lost confidence due to frequent CSR scandals. Wu et al. (2021) also show that the increasing number of CSR scandals negatively impacts stakeholders' positive perceptions of socially responsible companies, raising concerns about the sincerity and trustworthiness of their CSR engagement. As a result, the company's efforts to fulfill social responsibility are not entirely clear to relevant stakeholders.

Nevertheless, in Indonesia, the media is considered a reliable source of information and can raise public awareness about the company's charitable activities. Therefore, we explore the role of media in the relationship between corporate social responsibility disclosure and financial performance, which explains how CSR generates shareholder value. Admittedly, not all types of CSR engagement are driven by economic gains. However, as long as CSR actions are not purely related to social issues, it will be meaningful to assess and measure the instrumental value of CSR. Our study contributes to the existing literature on understanding the strategic use of CSR in Indonesian corporate settings and presents the mediation effect of media coverage on corporate social responsibility and financial performance.

Research on CSR has been carried out by many researchers and has mixed results. Based on these differences in results, researchers want to conduct a re-study of the factors that affect corporate responsibility. Researchers choose mining companies because these companies have a great influence on CSR reporting. The study aims to determine and analyze the influence of Media Disclosure and Financial Performance on Corporate Social Responsibility in mining sector companies.

MEDIA DISCLOSURE AND FINANCIAL PERFORMANCE IN CORPORATE SOCIAL RESPONSIBILITY: EVIDENCE FROM INDONESIAN MINING

Legitimacy Theory

The theory of legitimacy is the social contract of entities and society, to achieve the goals of the company without any loss from both parties (Sandityas & Trisnawati, 2019). Companies are required to be able to manage their reputation and maintain the sustainability of their business so that a good impression arises with the increase in positive value in the eyes of the public so that the company can increase its profits. Not only from the company side who feel the benefits but from the surrounding community will also benefit because of the transparency of information about the company's performance through annual reports.

The Effect of Media Disclosure on Corporate Social Responsibility

It is widely recognized that the media forms an important media outlet for information (Kim, Li, & Li, 2014). Groza et al. (2017)found that different sources of information can lead to different public attributions to engaging in CSR. The public has greater confidence in reports generated by independent third parties than information from companies. The CSR information submitted by the media moderates the attribution effect and is perceived positively by consumers. Cahan et al. (2015) also suggest that CSR engagement can improve media coverage in general, not just reports specific to CSR initiatives, especially when companies have more motivation to develop the company's media image. Kruger (2015) found that the public reacted negatively to distressing and positive CSR actions to events that improved stakeholder relations. Hsiang et al., (2015) found that the news media played an important role in shaping public opinion. Some of the existing studies explore the relationship between media coverage and company performance. Kiousis et al. (2007)examine the influence of public relations efforts and media exposure on corporate reputation and financial performance based on agenda-setting theory. Based on the description above, the hypothesis is as follows:

H_1 : Media Disclosure affects Corporate Social Responsibility

The Effect of Financial Performance on Corporate Social Responsibility

Since Freeman (1984) first emphasized the strategic value of business ethics and proposed that creating value for stakeholders is a justifiable managerial investment, stakeholder theory has emerged and evolved as a prevailing paradigm in CSR literature (Margolis & Walsh, 2003). Despite the strong moral foundation of stakeholder theory, the instrumental value of CSR has evolved and attracted substantial interest (Aguinis & Glavas, 2012). The instrumental theory considers participation in socially responsible activities as a way to achieve the better economic performance of the enterprise and maximize shareholder value (Garriga & Mele, 2017). To better evaluate instrumental theory and to promote CSRD as a useful strategy, it is important to discuss the following questions:

Brammer and Millington (2006) show that corporate philanthropy can reduce information asymmetry and promote active responses from consumers. Epstein (2010) surveyed U.S. consumer opinion and found that consumers like good corporate citizens and are willing to drive 11 minutes further to support them. Lev et al. (2010) found that corporate philanthropy is significantly linked to future revenue growth. Dhaliwal et al. (2011)show that voluntary CSR disclosures reduce information asymmetry between management and investors and reduce the cost of capital. Servaes and Tamayo (2021) found that CSR commitment increases the value of the company by increasing consumer awareness. Dimson et al. (2015) studied involvement in CSR by U.S. companies from 1999 to 2009, covering a wide range of stakeholders, and found that successful CSR activities lead to better accounting performance and positive abnormal returns, especially when the company has reputational problems and can implement changes. Naseem et al. (2020)used a sample of 1021 Asia-Pacific companies from 2006 to 2016 and showed that CSR was positively related to company performance. Based on the description above, the hypothesis is as follows:

H_2 : Financial Performance affects Corporate Social Responsibility

Method

This study uses secondary data in the form of an annual report, which is a report that contains a summary of the company's activities and finances in the one year of mining sub-sector companies listed on the IDX for the 2019-2020 period. The research data is taken from the official website of the mining company. The population in the study was 47 companies. The sampling technique uses purposive sampling techniques, namely sampling techniques with certain considerations (Sugiyono, 2018). The sample criteria used in this study are as follows:

1. Mining companies listed on the IDX during the period 2019-2021
2. Companies that present annual reports and financial statements consistently during the period 2019-2021
3. Companies that use dollar currency
4. Companies that present complete information needed as a research sample for the 2019-2021 period.

Based on the criteria above, the number of mining sub-sector companies selected to be a research sample is 17 companies, so the total sample data is 17 mining sub-sector companies x 3 years, which is 51 sample data. The data used is the annual report of mining sub-sector companies from 2019-2021.

The measurement of media disclosure is to use dummy variables. If the company discloses CSR activities on the company's website, it will get a value of 1, and companies that do not disclose CSR activities on the company's website will get a value of 0. Meanwhile, the financial performance uses ROA by comparing its net profit to the company's total assets. CSR is

calculated using the Global Reporting Initiative 4 (GRI 4) standard, which contains 91 assessment indicators. The disclosure will be based on a CSR disclosure checklist which will be given a score of 1 if the item is disclosed and given a score of 0 if the item is not disclosed.

The data analysis technique used the classical assumption test and to test the hypothesis using the T-Test.

Result

Testing Classical Assumptions

1. **Residual Normality Testing**
   Based on the results of the normality test that has been carried out, a summary is obtained as seen in table 1 below:

Table 1: Normality Test Results –*Jarque Bera* Approach

Series: Standardized Residuals	
Sample 2019 2021	
Observations 51	
Mean	2.29e-17
Median	-0.009549
Maximum	0.123871
Minimum	-0.066234
Std. Dev.	0.044062
Skewness	0.751912
Kurtosis	2.935005
Jarque-Bera	4.814640
Probability	0.090056
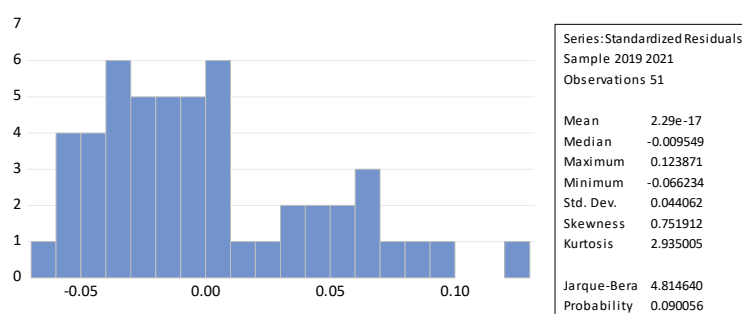
By the results of jarque Bera's normality testing, it can be seen that the variables in this study have a JB value of 4.814640 with a probability of 0.090056 greater than the real level of 5 percent, which means that the data is normally distributed.

2. **Multicollinearity Testing**
   Based on the results of the tests that have been carried out, a summary of the results can be seen in table 2 below.

Table 2: Multicollinearity Test Results

Variable	Correlation Coefficient	Conclusion
X_1	0.714200	Not Happening
X_2	0.101817	Not Happening

By the results of multicollinearity testing, it can be seen that each research variable used in the study has been free from multicollinearity symptoms because each independent variable has a correlation coefficient below or equal to 0.80 so it can be concluded that all independent variables used in the current research model have been free from multicollinearity symptoms, so that further hypothesis testing stages can be done immediately.

3. Autocorrelation Testing

The results of the autocorrelation test showed that the Obs*R-squared probability value of 0.7163 this value was greater than the real level of 5 percent or 0.05. Therefore, it can be stated that there is no autocorrelation problem.

Table 3: Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test			
F-statistic	0.143505	Prob. F	0.8705
Obs*R-squared	0.769816	Prob. Chi-Square	0.7163

4. Heteroscedasticity Testing

The results of the heteroscedasticity test showed an Obs*R-squared probability value of 0. 6257 is greater than the real level of 5 percent, therefore it can be stated in this study model that there is no Heteroskedasticity.

Table 4: Heteroscedasticity Test Results

Heteroskedasticity Test : White			
F-statistic	1.259980	Prob. F	0.5528
Obs*R-squared	2.317223	Prob. Chi-Square	0.6257
Scaled explained SS	0.732446	Prob. Chi-Square	0.7681

Results of Multiple Linear Regression Equation Analysis

Based on Table 5, Prob Values. The F-statistic is 0. 000123. This value is smaller than the real Taraf of 5 percent which means that independent variables (media disclosure and financial performance) have no significant effect on the dependent variable (CSR). The prob value of t-statistics media disclosure is 0. 0086, this value is less alpha rate of 5 percent or 0.05. Thus, it can be said that the media disclosure variable significantly affects the CSR variable. The prob value of t-statistical financial performance is 0. 0096, this value is smaller than the alpha level of 5 percent or 0.05 which means that the financial performance variable has a significant effect on the CSR variable. In addition, the results of the data process showed that the Adjusted R-squared (R^2) obtained from the estimation results was 0.552636 or 55.26 percesquared his. R^2 This means that the ability of independent variables (media disclosure and financial performance) in explaining dependent variables (CSR) is 55.26 percent while the remaining 44.74 percent is explained by other variables outside the model.

Table 5: Multiple Linear Regression Processed Results

Cross-section random effects test equation:				
Dependent Variable: Y				
Method: Panel Least Squares				
Date: 08/02/22 Time: 06:27				
Sample: 2019 2021				
Periods included: 3				
Cross-sections included: 17				
Total panel (balanced) observations: 51				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.356910	0.011538	30.93278	0.0000
X1	0.011565	0.012954	0.892818	0.0086
X2	-0.000487	0.000623	-0.782684	0.0096
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	0.024578	R-squared		0.713687
Mean dependent var	0.361961	Adjusted R-squared		0.552636
S.D. dependent var	0.046390	S.E. of regression		0.031028
Akaike info criterion	-3.828820	Sum squared resid		0.030808
Schwarz criterion	-3.109120	Log likelihood		116.6349
Hannan-Quinn criter.	-3.553801	F-statistic		4.431440
Durbin-Watson stat	2.475211	Prob(F-statistic)		0.000123

Discussion

Media Disclosure on Corporate Social Responsibility

The results of the analysis show that media disclosure variables affect CSR. This research shows that Media Disclosure has a significant positive effect on CSR. This positive relationship shows that a company that expresses its social responsibility on a website will greatly affect the value of the company's CSRD. In addition, in this case, it can be seen that the communication function is a very important point in CSR disclosure management. Communicating CSR through media exposure will increase the company's reputation in the eyes of the public.

The influence of media disclosure on the disclosure of Corporate Social Responsibility shows that the reporting of a company in the media is very important. Because companies reported in the media will get the spotlight from interested parties and also from the public. The reporting of a company in the media will put pressure on the company itself to pay more attention to environmental problems and also social problems that often occur around the company.

Coverage in the media will also encourage companies to make wider disclosures. The practice of CSR disclosure can explain social and environmental conflicts that occur due to activities carried out by the company amid society (Chariri, 2008). Although reporting in the media will

encourage companies to be broader in making CSR disclosures, it does not mean that the company will pour greater funds to carry out its CSR activities. The company will prefer to allocate its costs to other activities that will bring greater profits to the company. Because the company is a business entity that will continue to seek profit or profit for the survival of the company in the future. The results of this study are in line with research conducted by Darma (2019) and Plorensia (2018) which shows a positive influence between media disclosure and CSR.

Financial Performance on Corporate Social Responsibility

Based on the results of the study, shows that financial performance variables have a significant influence on CSR. This shows that profitability can affect the company's Corporate Social Responsibility. Therefore, it can be argued that the higher the level of profitability, the company has sufficient funds to be allocated to social and environmental activities so that the level of disclosure of social responsibility by the company will be higher.

The which found a positive influence between profitability and CSR. Based on Waddock and Graves (1997) slack resources theory as cited in Tsoutsoura (2004), companies with strong financial performance have more resources available to invest in the realm of social performance, such as employee relationships, and environmental concerns, or community relations. Companies with strong financial levels can invest in long-term strategies such as providing services to the community and its employees.

In addition, a possible reason underlying the positive relationship between profitability and CSR is the dependence of financial performance on the company's CSR performance. This means that the higher the level of profitability of the company, the greater the disclosure of social information made by the company. In the results of research Wahyuningsih & Mahdar (2018) stated that profitability affects CSR in a positive direction. This is supported by research conducted by Utami (2019) and Tovani (2015) which shows that profitability has a positive effect on CSR.

Conclusion

Based on the results of research and discussion, it can be concluded that Media Disclosure and Financial Performance have a positive and significant effect on CSR in mining companies for the 2019-2021 period. The limitation of this study is that the financial performance ratio used is only ROA and the research period taken is only mining companies in 2019-2021. For further research, it is recommended to increase the ratio to better measure financial performance and expand the period to increase the validity of the test results.

Reference

Aguinis, Herman, and Ante Glavas. 2012. "What We Know and Don't Know About Corporate

Social Responsibility." *Journal of Management* 38(4):932–68. doi: 10.1177/0149206311436079.

Brammer, Stephen, and Andrew Millington. 2006. "Firm Size, Organizational Visibility and Corporate Philanthropy: An Empirical Analysis." *Business Ethics: A European Review* 15(1):6–18. doi: 10.1111/j.1467-8608.2006.00424.x.

Cahan, Steven F., Chen Chen, Li Chen, and Nhut H. Nguyen. 2015. "Corporate Social Responsibility and Media Coverage." *Journal of Banking and Finance* 59(July):409–22. doi: 10.1016/j.jbankfin.2015.07.004.

Campbell, John L. 2007. "Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility." *Academy of Management Review* 32(3):946–67. doi: 10.5465/amr.2007.25275684.

Chang, Yuan. 2016. "Moderating Effects of Media Coverage and Corporate Governance on CSR-CFP Nexus-Evidence from Listed Companies on Taiwan Stock Exchange." *International Journal of Economics and Finance* 8(5):190. doi: 10.5539/ijef.v8n5p190.

Chariri, Anis. 2008. "Kritik Sosialatas Pemakaian Teori Dalam Penelitian Pengungkapan Sosial Dan Lingkungan." 151–69.

Darma, Bima Dwi, Fefri Indra Arza, and Halmawati Halmawati. 2019. "Pengaruh Pengungkapan Media, Kinerja Lingkungan Dan Kepemilikan Asing Terhadap Pengungkapan Corporate Social Responsbility." *Jurnal Eksplorasi Akuntansi* 1(1):78–89. doi: 10.24036/jea.v1i1.63.

Dhaliwal, Dan S., Oliver Zhen Li, Albert Tsang, and Yong George Yang. 2011. "Voluntary Nonfinancial Disclosure and the Cost of Equity Capital: The Initiation of Corporate Social Responsibility Reporting." *The Accounting Review* 86(1):59–100. doi: 10.2308/accr.00000005.

Dimson, Elroy, Oğuzhan Karakaş, and Xi Li. 2015. "Active Ownership." *Review of Financial Studies* 28(12):3225–68. doi: 10.1093/rfs/hhv044.

Freeman. 1984. *Strategic Management: A Stakeholder Approach*. Boston: Pitman Press.

Garriga, Elisahet, and Doménec Mele. 2017. "Corporate Social Responsibility Theories: Mapping the Territory." *Corporate Social Responsibility* 53(1):107–27.

Groza, Mark D., Mya R. Pronschinske, Matthew Walker, Mark D. Groza, and Matthew Walker. 2017. "Linked References Are Available on JSTOR for This Article : And Reactive CSR Perceived Organizational Motives and Consumer Responses to Proactive." 102(4):639–52.

Hsiang, By, Iris Chyi, and Maxwell Mccombs. 2015. "Media Salience and The Process of Framing ; Coverage of the Columbine School Shootings." *J&MC Quarterly* 81(1):22–35.

Ip, Po Keung. 2009. "The Challenge of Developing a Business Ethics in China." *Journal of Business Ethics* 88(S1):211–24. doi: 10.1007/s10551-008-9820-2.

Kim, Yongtae, Haidan Li, and Siqi Li. 2014. "Corporate Social Responsibility and Stock Price Crash Risk." *Journal of Banking & Finance* 43(1):1–13. doi: 10.1016/j.jbankfin.2014.02.013.

Kiousis, Spiro, Cristina Popescu, and Michael Mitrook. 2007. "Understanding Influence on Corporate Reputation: An Examination of Public Relations Efforts, Media Coverage, Public Opinion, and Financial Performance From an Agenda-Building and Agenda-Setting Perspective." *Journal of Public Relations Research* 19(2):147–65. doi: 10.1080/10627260701290661.

Krüger, Philipp. 2015. "Corporate Goodness and Shareholder Wealth." *Journal of Financial Economics* 115(2):304–29. doi: 10.1016/j.jfineco.2014.09.008.

Manchiraju, Hariom, and Shivaram Rajgopal. 2017. "Does Corporate Social Responsibility (CSR) Create Shareholder Value? Evidence from the Indian Companies Act 2013." *Journal of Accounting Research* 55(5):1257–1300. doi: 10.1111/1475-679X.12174.

Margolis, Joshua, and James Walsh. 2003. "Misery Loves Rethinking Companies : Social Initiatives." *Administrative Science Quarterly* 48:268–305.

Naseem, Tahira, Faisal Shahzad, Ghazanfar Ali Asim, Ijaz Ur Rehman, and Faisal Nawaz. 2020. "Corporate Social Responsibility Engagement and Firm Performance in Asia Pacific: The Role of Enterprise Risk Management." *Corporate Social Responsibility and Environmental Management* 27(2):501–13. doi: 10.1002/csr.1815.

Plorensia, Winda, and Pancawati Hardiningsih. 2018. "Pengaruh Agresivitas Pajak Dan Media Eksplosure Terhadap Corporate Social Responsibility." *Dinamika Akuntansi, Keuangan Dan Perbankan* 4(2):136–51.

Sandityas, Zelly Ariesta, and Rina Trisnawati. 2019. "Faktor-Faktor Yang Mempengaruhi Pengungkapan Tanggung Jawab Sosial Perusahaan (Studi Kasus Pada Perusahaan Manufaktur Di Bursa Efek Indonesia Tahun 2015-2018)." *Seminar Nasional Dan The 6th Call for Syariah Paper* 471–80.

Servaes, Henri, and Ane Tamayo. 2021. "The Impact of Corporate Social Responsibility on Firm Value: The Role of Tax Aggressiveness in Indonesia." *Journal of Asian Finance, Economics and Business* 8(3):209–16. doi: 10.13106/jafeb.2021.vol8.no3.0209.

Stanaland, Andrea, May Lwin, and Patrick Murphy. 2015. "Customer Perceptions of the Antecedents and Consequences of Corporate Social Responsibility." *Journal of Business Ethics* 102(1):47–55.

Sugiyono. 2018. *Metodologi Penelitian Kuantitatif, Kualitatrif, R&D*. Bandung: Alfabeta.

Tovani, Arbi. 2015. "Pengaruh Kinerja Keuangan Terhadap Corporate Social Responsibility Pada Perusahaan Perbankan Konvensional Di Indonesia Periode Tahun 2009 - 2013." (1):1–32.

Tsoutsoura, Margarita. 2004. "Corporate Social Responsibility and Financial Performance." 1–21.

Utami, Linda Tri, Maslichah, and M. Cholid Mawardi. 2019. "Pengaruh Kinerja Keuangan Terhadap Pengungkapan Corporate Social Responsibility (CSR) Pada Perusahaan Manufaktur." *E-Jurnal Riset Akuntansi* 8(8):98–112.

Wahyuningsih, Ana, and Nera Marinda Mahdar. 2018. "Pengaruh Size, Leverage Dan Profitabilitas Terhadap Pengungkapan Csr Pada Perusahaan Manufaktur Yang Terdaftar

Di Bursa Efek Indonesia." *Jurnal Bisnis Dan Komunikasi* 5(1):27–36.

Wu, Shilei, Hongjie Zhang, and Taoyuan Wei. 2021. "Corporate Social Responsibility Disclosure, Media Reports, and Enterprise Innovation: Evidence from Chinese Listed Companies." *Sustainability* 13(15):8466. doi: 10.3390/su13158466.

DISCLOSURE OF ISLAMIC CORPORATE SOCIAL RESPONSIBILITY IN SHARIA BANKING

Kurnia Kusuma Putri

Accounting, InstitutTeknologi dan Bisnis Asia Malang, Indonesia

Fadilla Cahyaningtyas

Accounting,InstitutTeknologi dan Bisnis Asia Malang, Indonesia

Email Correspondence: kusumania26@gmail.com

ABSTRACT

Conventional and sharia-based companies operate on different principles, resulting in significant differences through implementation in a variety of areas, including the disclosure of corporate social responsibility. Sharia companies evaluate reporting on sharia-based social performance or Islamic corporate social responsibility (ICSR) using the AAOIFI sharia index (Accounting Auditing Organization for Islamic Financial Institutions). This research aims to discover the impact of investment account holders, company size, and a sharia supervisory board on Islamic corporate social responsibility.Purposive sampling was used to select the population of Islamic banking companies registered with the Financial Services Authority for the period 2018-2020. The research sample consists of 13 company. The classical assumption test, data normality test, multicollinearity test, heteroscedasticity test, coefficient of determination test, multiple regression analysis, and hypothesis testing were all encountered in this study. The results of hypothesis testing prove that investment account holders affect corporate social responsibility, whereas company size and a sharia supervisory board have no effect.

KEYWORDS : Investment Account Holder, Company Size, Sharia Supervisory Board, Islamic Corporate Social Responsibility (ICSR)

Introduction

Sharia Supervisory Board Islamic banking companies all over the world have grown rapidly in recent years, particularly in Muslim countries. According to data from The Royal Islamic Strategic Studies Center (RISSC), Indonesia has the world's largest Muslim population in 2021 (The Royal Islamic Strategic Studies Center, 2021).

Since Indonesia has the world's largest Muslim population, it also has the world's largest Islamic finance, however, when compared to conventional banks, Islamic banking is still not well known and still considered strange by the public. However, many Indonesians want to use Islamic banks to save, save funds, and invest, which has resulted in the development of Islamic banks in Indonesia.

This is evidenced by the Financial Services Authority (OJK) records, which prove that over two years (2009-2010), the number of Islamic Commercial Banks increased from 5 to 11. The Islamic banking industry expanded to 12 Sharia Commercial Banks, 22 Sharia lines of business owned by Conventional Commercial Banks, and 162 BPRS as of June 2015, with total assets of Rp. 273.494 Trillion and a market share of 4.61%.

With a market share of 5.95% in June 2019, there were 14 Sharia Commercial Banks and 20 Sharia Lines of business.This proves that the number of Islamic banks is increasing. In the two decades since the development of the Islamic banking system in Indonesia, there have been many accomplaccomplishmentsin terms of organizational and supporting infrastructure, regulatory and supervisory systems, and public awareness and literacy of Islamic financial services (Otoritas Jasa Keuangan, 2022).

The growth of Islamic banks has an impact on financial statement transparency and accountability, where banks as trust institutions are required to account for their financial statements in a transparent and accountable manner. Financial statements should present relevant data because they serve as a form of communication between companies and the people who read them (Risandias, 2020).

 Furthermore, to be able to their financial statements, Islamic banks are required to practice corporate social responsibility, as well known as Corporate Social Responsibility (CSR). In recent years, CSR has gained prominence as the core of a company's business ethics. According to AAOIFI (Accounting Auditing Organization for Islamic Financial Institutions), Corporate Social Responsibility (CSR) in an Islamic perspective is all activities carried out by Islamic financial institutions to fulfill religious, economic, legal, ethical, and expenditures responsibilities (Sawitri et al., 2017).

Islamic Corporate Social Responsibility (ICSR) refers to corporate social responsibility activities based on Islamic values. Banking companies implementing ICSR in their annual reports will raise public awareness and users of annual reports about the company's social activities and

their impact on society; additionally, it can enhance a good perception and strengthen the company's brand in the public's eye and investors because the company is capable of carrying out its social responsibilities.This is in line with the legitimacy theory, which is a theory that occurs as a result of the interaction between both the company and the community, which affirms the company's social commitment to the company environment (Triyanto&Rohmah, 2022).

Legitimacy theory, which is closely related to stakeholder theory, is the theory that forms the basis of ICSR. The existence of a company that is strongly influenced by groups or individuals who have a relationship with the company is referred to as stakeholder theory. According to stakeholder theory, companies should not only operate on their own, but also for the proof stakeholders such as shareholders, consumers, suppliers, creditors, society, government, and other parties outside the company. The company's continued existence is dependent on the support of stakeholders, and this support must be proved through corporate social responsibility to work properly (Hadyarti&Mahsin, 2019).

The form of social responsibility of Islamic Corporate Social Responsibility (ICSR) in its implementation refers to the form of managing Islamic financial institutions . Many factors, including company size, company age, investment account holder, sharia supervisory board, Islamic governance, profitability, board of commissioners, and others, can have an impact on ICSR (Cahyaningtiyas and Canggih, 2020; Charatunnisa and Muthmainah, 2019; Hendratmoko and Muid, 2017; Ilyas, 2021; Mayliza and Yusnelly, 2021). The three following factors will be discussed in this study: company size, investment account holder, and sharia supervisory board.

According to studies (Lidyah et al., 2017; Charatunnisa&Muthmainah, 2019), IAH has an effect. Meanwhile, following studies (Vionita et al., 2021), IAH has no does not effect as shown by study (Hendratmoko&Muid, 2017; Triyanto&Rohmah, 2022), company size has an impact on a corporate Social Responsibility, while reseatch (Isman&Aeni, 2021) mentions it has no does not effect according to studies. (Jamil et al., 2021), sharia supervisory board has an affectswhile, as said by studies (Salsabila et al., 2018) sharia supervisory board does not affect. Inconsistencies among previous studies on each variable; this is a gap for researchers to occupy by reviewing previous studies on the influence of investment account holders, company size, and the sharia supervisory board on Islamic corporate social responsibility.

The Investment Account Holder (IAH) is the first factor that affects Islamic Corporate Social Responsibility (ICSR). According to Vionitaet al.,, (2021) Investment account holders are a type of ownership in Islamic banking that is derived from customers. The greater the company's IAH funds, the greater the level of public confidence in the company hence why the greater the number of customers who use IAH funds.

The more customers the company has, the more supervision and disclosure it will undertake. The disclosure of Islamic Corporate Social Responsibility is one of them. Research (Lidyah et al., 2017; Charatunnisa & Muthmainah, 2019) states that IAH has an effect on ICSR. Based on this description, it can be formulated the first hypothesis that Investment Account Holder (IAH) has an effect on Islamic Corporate Social Responsibility (ICSR).

The size of the company is the second factor affecting Islamic Corporate Social Responsibility (ICSR). Company size, according to (Rahayu& Budi S., 2018), is the level of identification of the company's size. Companies with a greater frame will carry out more activities and have a larger impact on the community, have more shareloshareholdereceive more public attention, trying to put companies under more pressure to disclose ICSR.

This is consistent with previous studies (Hendratmoko&Muid, 2017; Triyanto&Rohmah, 2022) that proves that company size affects Social Responsibility (ICSR). Then the second hypothesis can be formulated that company size has an effect on Islamic Corporate Social Responsibility (ICSR).

The Sharia Supervisory Board (SSB) is the third factor that affects Islamic Corporate Social Responsibility (ICSR). Essentially, the Sharia Supervisory Board is indeed an extension of the National Sharia Board. SSB capabilities as a sharia financial institution, supervising most operations management in sharia banking, along with sharia banks, sharia insurance, sharia capital markets, and others (Ilyas, 2021).

The operations and disclosure of social responsibilities will become more controlled with the existence of an adequate number of members of the sharia supervisory board. As shown by research (Jamil et al., 2021), SSB has an effect. Based on this explanation, the following hypothesis, that the Sharia supervisory board has an affectson Corporate Social Responsibility, can be established.

Method

Types Of Research

This type of research is causal associative research which aims to determine the effect of the investment account holder, company size, and sharia supervisory board variables on Islamic corporate social responsibility as the dependent variable.

Population and Sample

This study's population consists of up to 15 Islamic banking companies registered with the Financial Services Authority (OJK). This study used non-probability sampling with purposive sampling to obtain samples. Purposive sampling involves taking samples based on particular

criteriafor the most possible information (Bahri, 2018). The following are the sample selection criteria:

1. Banking companies registered with OJK for the 2018-2020 fiscal year.
2. Banks that consistently present annual reports among 2betweennd 2020.
3. Banking companies that disclose CSR in annual reports and provide all required information.

This study's samples were 13 Islamic banking companies chosen based on sample selection criteria and procedures.

Data Types and Sources

Quantitative data in the form of numbers is the type of research data. The data was obtained from the annual report of Islamic banking companies registered with the OJK for the 2018-2020 fiscal year. This study uses secondary data (cross-sectional) to identify the impact of investment account holders, company size, and a sharia supervisory board on Islamic corporate social responsibility.

Operational Definition

The operational definition of variables is a description of each variable's indicators, which can be explained using tables or narratives (Bahri, 2018).

1. Islamic Corporate Social Responsibility (ICSR)
   The disclosure of ICSR is the dependent variable in this study. In ICSR research, it is measured using a dummy variable named the social responsibility disclosure index (Arifin &Wardani, 2016). The following is the ICSR calculation equation:

   $$ICSRDj = \frac{\sum X1j}{nj} \quad\text{..1}$$

   Descriptions:
   ICSRD Ij :*Islamic Corporate Social Responsibility Disclosure Index* perusahaan j.

   Nj   : Number of items for companyj, nj = 41
   Xij   : 1 = if the item is disclosed;0 = if the item is not disclosed, so0 ≤ 1 j ≥ 1.

   This study conducts an assessment based on the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) GS 7 - Corporate Social Responsibility, Conduct, and Disclosure for Islamic Financial Institutions to determine how far the company applies good Islamic principles in ICSR disclosure. Includes a compilation of standards set by the Accounting and Auditing Organization for Islamic Financial Institutions and consists of 41 items thatbenchmark the implementation of social performance of Islamic banking companies (AAOFI, n.d.).
   Investment Account Holder

An investment account holder (IAH) is a form of Islamic banking ownership whose sources are customers or generally characterized by temporary syirkah funds (Vionita et al., 2021). The following equation is used to determine the Investment account holder:

$$IAH = \frac{Total\ amount\ of\ temporary\ syirkah\ funds}{Full\ paid-up\ capital} \quad \text{------------------------} \quad 2$$

2. Company Size

The size of a company is calculated by the overall value of assets owned by the company (Triyanto&Rohmah, 2022). The following equations can be used to calculate the size of the company:

$$Size = Ln.\ Total\ assets \quad \text{------------------------} \quad 3$$

3. Sharia Supervisory Board

The Sharia Supervisory Board (SSB) is a board tasked with advising directors and supervising bank activities to ensure they adhere to Sharia principles (Shabrina et al., 2021). The sharia supervisory board is determined using the following equation:

$$SSB\ Size = \sum Member\ of\ DPS \quad \text{------------------------} \quad 4$$

The conceptual framework is as follows, based on the operational definitions of the variables mentioned above :

Figure 1 Conceptual Framework
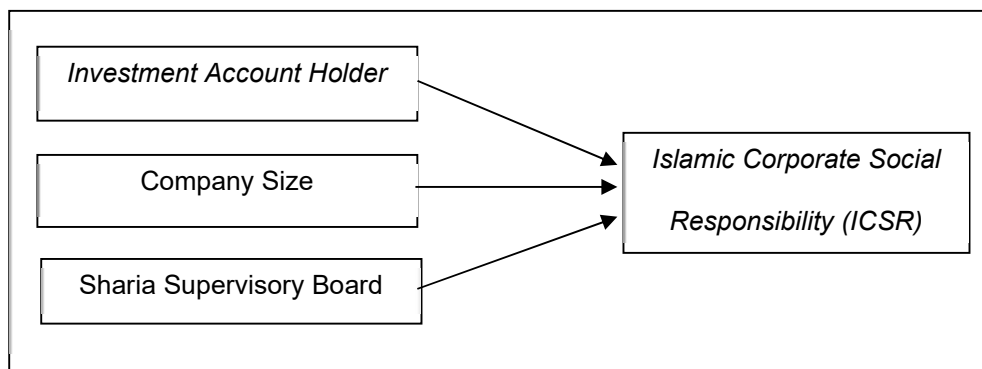
Data Analysis Techniques and Hypothesis Testing

The classical assumption trials, including the normality test, multicollinearity test, heteroscedasticity test, and correlation test, are used in this study. It employs multiple regression analysis techniques, the coefficient of determination test, and hypothesis testing using the SPSS 26 program, in addition to the traditional assumption test.

Data Normality Test

The One-Sample-Kolmogorov-Smirnov test method was used to determine the normality of the data.

1) The value of sig 0.05 indicates that the distribution is not normal.

2) With sig 0.05, the distribution is normal.

Multicollinearity Test

The value of the variance inflation factor can be seen in the multicollinearity test to determine whether a regression model has symptoms of multicollinearity (VIF). The calculation of the VIF value 10 shows that the regression model is good and there are no signs of multicollinearity.

Heteroscedasticity Test

The spearman's rho method was used to test heteroscedasticity. The purpose of Spearman's rho correlation is to link the independent variable to the residual. A 2-sided test is used with a significant level of 0.05. If the correlation between the independent variables and the significance level of the ratio is greater than 0.05, there is no heteroscedasticity.

Autocorrelation Test

The run test instrument was used to test the autocorrelation. Once significant values are less than 0.05, autocorrelation occurs; while significant values are greater than 0.05, there is no autocorrelation.

Multiple Regression Analysis

The Multiple Linear Regression hypothesis testing is used to determine how independent variables influence the dependent variable. Multiple regression models were used to test the research hypothesis. Multiple regression statistical test using
Model : Y = a + 1X1 + 2X2 + 3X3 + e.

Coefficient of Determination Test

The coefficient of multiple determination (R2), which ranges from 0 to 1, conveys the level of accuracy of the regression. A value close to 1 implies that the independent variable provides almost all of the information required to predict the independent variable's variation.

Hypothesis Test

The t-test is used to test the hypothesis of the influence of individual independent variables on the dependent variable.

Result

Table 1 Data Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		39
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.09669857
Most Extreme Differences	Absolute	.138
	Positive	.070

	Negative	-.138
Test Statistic		.138
Asymp. Sig. (2-tailed)		.060[c]

Source : Processed Data, 2022

The data were normalized using the one Sample Kolmogorov-Smirnov test. According to table one, the Sample Kolmogorov-Smirnov/Test statistic is 0.138, with a level of significance of 0.060. Since the significance value is greater than 0.05, it is reasonable to conclude that the residual data is normally distributed and fulfills the normality assumption.

Table 2 Multicollinearity Test

Coefficientsa			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	IAH	.932	1.073
	UP	.725	1.379
	DPS	.708	1.413
a. Dependent Variable: ICSR			

Source : Processed Data, 2022

The VIF value of the Investment Account Holder variable is 1.073, the Firm Size variable is 1.379, and the Sharia Supervisory Board variable is 1.413, according to the results of the multicollinearity test. The three variables have a VIF value of less than 10, implying that there is no multicollinearity between the independent variables.

Table 3 Heteroscedasticity Test

Correlations			IAH	UP	DPS	Unstandar-dized Residual
Spearman's rho	Unstandardized Residual	Correlation Coefficient	-.009	-.140	-.043	1.000
		Sig. (2-tailed)	.958	.396	.794	.
		N	39	39	39	39
**. Correlation is significant at the 0.01 level (2-tailed).						

Source : Processed Data, 2022

The correlation result between Investment Account Holder, firm size, sharia supervisory board, and Unstandardized Residual value has a Sig. (2-tailed) Significance of greater than 0.05, implying that there is no heteroscedasticity.

Table 4 Autocorrelation Test

Runs Test	
	Unstandardized Residual
Test Value[a]	.01719
Cases < Test Value	19
Cases >= Test Value	20
Total Cases	39
Number of Runs	17
Z	-.970
Asymp. Sig. (2-tailed)	.332
a. Median	

Source : Processed Data, 2022

The run test results show that the test value is 0.01719 and the significance value is 0.332 > 0.05, implying that there is no autocorrelation.

Table 5 Coefficient of Determination Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.572[a]	.327	.269	.10076

Source : Processed Data, 2022

As shown in the table, the R2 value is 0.269, or 26.9%. This proves that investment account holders, company size, and a sharia supervisory board have a 26.9% influence on Islamic corporate social responsibility, with the remaining 73.1% influenced by variables not included in this study.

Table 6 Multiple Regression Analysis and Hypothesis Testing

Coefficients[a]					
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.221	.243		.911	.368
	IAH	.025	.007	.497	3.458	.001
	UP	.023	.016	.232	1.427	.163
	DPS	-.012	.046	-.043	-.261	.796
a. Dependent Variable: ICSR						

Source : Processed Data, 2022

The multiple linear equation is as follows: Islamic corporate social responsibility = 0.221 + 0.025 investment account holder + 0.023 company size + (-0.012) sharia supervisory board. The results of the t-table are found to be 2,030 and the conclusions of the t-test are as follows:
1. Variable Investment Account Holder

The t-count value is 3,458 > 2,030 t-table with a significance value of 0.001 < 0.05. This value impliesthat the Investment Account Holder has a positive effect on Islamic Corporate Social Responsibility.

2. Company Size Variable

The t-count value is 1,472 <2,030 t-table with a significance value of 0.163 > 0.05. This value implies that company size does not affect Islamic Corporate Social Responsibility.

3. Sharia Supervisory Board Variables

The t-count value is 0.261 < 2,030 t-table with a significance value of 0.796 > 0.05. This value implies that company size does not affect Islamic Corporate Social Responsibility.

Discussion

According to the report's results, the first variable investment account holder has an effect on ICSR where the calculation results are positive, which means that the higher the investment account holder in a company, the greater the funds that will be managed by a sharia company for ICSR disclosure.

The results of this study support the hypothesis that holders of financial assets affect ICSR. Stakeholder theory can help explain the relationship between investment account holders and ICSR disclosure.Stakeholder theory describes the relationship between customers and ICSR disclosure, in which companies must preserve relationships with stakeholders by facilitating their needs and desires, particularly stakeholders who have power over the availability of resources used for company operational activities, such as the economy for company products, labor, and others. The theoretical logic is supported by the results of research from (Lidyah et al., 2017), (Charatunnisa&Muthmainah, 2019) which states that IAH has an effect on CSR but has a brain behind research (Vionita et al., 2021) which states that IAH does not affect CSR.

The second variable in this study is company size; data analysis results prove that firm size does not affect ICSR, so the second hypothesis is rejected. This is consistent with previous research (Isman&Aeni, 2021) that claims company size has no effect on ICSR but contradicts research (Hendratmoko&Muid, 2017) that claims company size has an effect on CSR.This study cannot support the legitimacy theory, which states that because huge companies have more activities, shareholders will pay more attention to social activities, leading to greater disclosure of ICSR. Companies should still disclose ICSR because regulations require all companies to disclose their CSR activities. CSR regulations are strictly regulated in Article 74 of Law No. 40 of 2007 concerning Limited Liability Companies (Widyana, 2016).

The third variable in this study is the sharia supervisory board; data analysis results show that the sharia supervisory board (SSB) has no effect on ICSR, so the third hypothesis is rejected. This is supported by research (Salsabila et al., 2018) that claims DPS has no effect on ICSR and research (Jamil et al., 2021)

That claims the sharia supervisory board affects CSR.The main duties and tasks of SSB are sharia compliance, including supervising the distribution of infaq, zakat, and charity funds, so that the number of sharia supervisory boards with diverse perspectives, experience, and competence in both banking and Islamic law will not guarantee better company performance. effective and reliable reporting, particularly in terms of Islamic corporate social responsibility disclosure.

Conclusion

This analysis revealed that the holder of an investment account affects ICSR. In sharia banking companies registered with the Financial Services Authority (OJK) for the 2018-2020 period, the size of the company and the sharia supervisory board do not affect ICSR. This research also has practical implications for several parties, particularly Islamic banking companies, in terms of determining which customer funds will be accounted for, monitoring the duties and responsibilities of DPS, and serving as a basis for customers to invest in account holders.This research can be used by the government to create policy and decision-making on fiscal plans and banking conditions in Indonesia. Theoretically, this research can be used as a source for further research, as a source of information, and as a means of knowledge for the community.

This study has certain limitations, such as only using the years 2018-2020, which restricts the amount of samples and makes the empirical test less accurate. Furthermore, the study only uses three independent variables, as evidenced by the data processing results, which prove that the investment account holder, company size, and sharia supervisory board variables only have a 26.9% influence, with the remaining 73.1% influenced by other variables not included in the study.Suggestions for future research are expected to add and widen the object of study as well as extend the period of study so that the empirical conducted is higher and more accurate. Furthermore, it can search for additional data sources that are more comprehensive in terms of Islamic corporate social responsibility disclosure.

Reference

AAOFI. (n.d.). "AAOIFI GS 7 – Corporate Social Responsibility, Conduct and Disclosure for Islamic Financial Institutions". Retrieved (http://aaoifi.com/aaoifi-gs-7-corporate-social-responsibility-conduct-and-disclosure-for-islamic-financial-institutions/?lang=en)

Arifin, J., & Wardani, E. A. 2016. "Islamic corporate social responsibility disclosure, reputasi, dan kinerja keuangan: Studi pada bank syariah di Indonesia". *Jurnal Akuntansi & Auditing Indonesia*, *20*(1): 1–10.

Bahri, S. 2018. *Metodologi Penelitian Bisnis Lengkap dengan Teknik Pengolahan Data SPSS* (E. Risanto (ed.)). ANDI.

Cahyaningtiyas, E., & Canggih, C. 2020. "Islamic Corporate Responsibility Dan Kinerja

Keuangan Pada Bank Umum Syariah Di Indonesia". *Jurnal Ekonomika Dan Bisnis Islam*, *3*(2): 72–81. https://doi.org/10.26740/jekobi.v3n2.p72-81

Charatunnisa, C., & Muthmainah, M. 2019. "Investment Account Holders, Jumlah Dewan Komisaris Independen, Dan Corporate Social Responsibility Pada Perbankan Syariah Yang Terdapat Di Indonesia." *Jurnal Akuntansi, 07*(2): 180–191.

Cham, Steven F., Chen Chen, Li Chen, and Nhut H. Nguyen. 2015. "Corporate Social Responsibility and Media Coverage." *Journal of Banking and Finance* 59(July):409–22. doi: 10.1016/j.jbankfin.2015.07.004.

Canpbell, John L. 2007. "Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility." *Academy of Management Review* 32(3):946–67. doi: 10.5465/amr.2007.25275684.

Chang, Yuan. 2016. "Moderating Effects of Media Coverage and Corporate Governance on CSR-CFP Nexus-Evidence from Listed Companies on Taiwan Stock Exchange." *International Journal of Economics and Finance* 8(5):190. doi: 10.5539/ijef.v8n5p190.

Chariri, Anis. 2008. "Kritik Sosialatas Pemakaian Teori Dalam Penelitian Pengungkapan Sosial Dan Lingkungan." 151–69.

Darma, Bima Dwi, Fefri Indra Arza, and Halmawati Halmawati. 2019. "Pengaruh Pengungkapan Media, Kinerja Lingkungan Dan Kepemilikan Asing Terhadap Pengungkapan Corporate Social Responsbility." *Jurnal Eksplorasi Akuntansi* 1(1):78–89. doi: 10.24036/jea.v1i1.63.

Dhaliwal, Dan S., Oliver Zhen Li, Albert Tsang, and Yong George Yang. 2011. "Voluntary Nonfinancial Disclosure and the Cost of Equity Capital: The Initiation of Corporate Social Responsibility Reporting." *The Accounting Review* 86(1):59–100. doi: 10.2308/accr.00000005.

Hadyarti, V., & Mahsin, T. 2019. "Corporate Social Responsibility (Csr) Dan Good Corporate Governance (Gcg) Sebagai Indikator Dalam Menilai Nilai Perusahaan Vidi". *13*(2): 1–17.

Hendratmoko, A., & Muid, A. 2017. Pengaruh profitabilitas, ukuran perusahaan, dan pertumbuhan penjualan terhadap pengungkapan icsr lembaga keuangan syariah di indonesia. *6*: 1–11.

Ilyas, R. 2021. "Peran Dewan Pengawas Syariah Dalam Perbankan Syariah. *JPS (Jurnal Perbankan Syariah)"*, *2*(1): 42–53. https://doi.org/10.46367/jps.v2i1.295.

Isman, A. F., & Aeni, N. C. 2021. "Determinant of Islamic Corporate Social Responsibility (ICSR) Disclosure in Companies Registered in Jakarta Islamic Index (JII)". *Many : Journal of Sharia Management and Business*, *1*(02): 105–115. https://doi.org/10.19105/mabny.v1i02.5200.

Jamil, N. K., Adawiyah, R., & Rumawi, R. 2021. "Kewenangan Dewan Pengawas Syariah Dan Implikasi Terhadap Perwujudan Corporate Social Responsibility Di Perbankan Syariah". *Sasi*, *27*(4): 504. https://doi.org/10.47268/sasi.v27i4.536.

Lidyah, R., Akbar, D. A., & Africano, F. 2017. "Islamic Governave, Investment Account Holder, Profitability, Ukuran Perusahaan dan Corporate Social Responsibility Bank Umum Syariah". 95–105.

Mayliza, R., & Yusnelly, A. 2021. "Pengaruh Good Corporate Governance Terhadap Islamic Social Responsibility Pada Bank Umum Syariah Di Indonesia". *Jurnal Tabarru': Islamic Banking and Finance*, 4(2): 369–379.

Otoritas Jasa Keuangan. 2022. "Sejarah Perbankan Syariah". Retrieved (https://www.ojk.go.id/id/kanal/syariah/tentang-syariah/pages/sejarah-perbankan-syariah.aspx)

Rahayu, T. P., & Budi S., A. 2018. "Analisis Faktor-Faktor yang Mempengaruhi Pengungkapan Islamic Social Reporting pada Perusahaan yang Terdaftar di Jakarta Islamic Index Periode 2010-2013". *E-Journal Ekonomi Bisnis Dan Akuntansi*, *5*(2): 109. https://doi.org/10.19184/ejeba.v5i2.8644.

Risandias, S. 2020. "Pengaruh Dewan Pengawas Syariah, Dewan Komisaris, Dewan Direksi Dan Komite Audit Terhadap Kinerja Keuangan Bank Syariah". *8*(1): 19–38. http://eprints.unisbank.ac.id/id/eprint/7393/.

Salsabila, R. R., Muslih, M., Pratama, F., Telkom, U., et al. 2018. "Pengaruh Dewan Pengawas Syariah dan Intelectual Capital Terhadap Islamic Corporate Social responsibility (Studi Kasus pada Bank Umum Syariah yang Terdaftar di Otoritas Jasa Keuangan Periode 2015-2018) The Effect Of Sharia Supervisory Board And Intellect".

Sawitri, D. R., Juanda, A., & Jati, A. W. 2017. "Analisis Pengungkapan Corporate Social Responsibility Perbankan Syariah Indonesia Berdasarkan Islamic Social Reporting Index". *Jurnal Reviu Akuntansi Dan Keuangan*, *7*(1): 983. https://doi.org/10.22219/jrak.v7i1.12.

Shabrina, A. N., Pratama, B. C., Fakhruddin, I., & Wibowo, H. 2021. "Pengaruh Intellectual Capital, Islamic Social Reporting, Kepemilikan Publik, Ukuran Dewan Pengawas Syariah Dan Jumlah Rapat Dewan Pengawas Syariah Terhadap Social Performance (Studi Empiris Pada Bank Umum Syariah Terdaftar Pada OJK Tahun 2008-2019)". *Ratio : Reviu Akuntansi Kontemporer Indonesia*, *2*(2): 92–110. https://doi.org/10.30595/ratio.v2i2.10376.

The Royal Islamic Strategic Studies Centre. 2021. The Muslim 500 - The World's 500 Most Influential Muslim 2021.

Triyanto, D. N., & Rohmah, L. K. 2022. "Characteristics of Islamic Corporate Social Responsibility (ICSR) Disclosures". *The Indonesian Accounting Review*, *12*(1): 29. https://doi.org/10.14414/tiar.v12i1.2605.

Vionita, V., Kurnia, K., & Pratama, F. 2021. "Pengaruh Ukuran Perusahaan, Umur Perusahaan, dan Investment Account Holder terhadap Pengungkapan Islamic Corporate Social Responsibility (Studi kasus pada Bank Umum Syariah yang terdaftar di Otoritas Jasa Keuangan (OJK) Tahun 2016-2019)". *Ad-Deenar: Jurnal Ekonomi Dan Bisnis Islam*, *5*(02): 193. https://doi.org/10.30868/ad.v5i02.1385.

Widyana, S. 2016. "Corporate Social Responsibility oleh Perseroan Terbatas. Hukum Perseroan Terbatas". Retrieved (https://www.hukumperseroanterbatas.com/tanggung-jawab-perseroan-terbatas/corporate-social-responsibility-oleh-perseroan-terbatas/Pada

bab V Pasal 74,Jawab Sosial dan Lingkungan tersebut).

THE RESEARCH OF SERVICE QUALITY, LOCATION, AND WORD OF MOUTH ON PURCHASE DECISIONS AT SAFIER STORE in TRENGGALEK CITY

Meystya Revinadia
Manajement, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Agus Purnomo Sidi
Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Marilou P. Pascual
Management, Nueva Ecija University Of Science And Technology, Philippines

Email Correspondence: meistyarevinadia22@gmail.com

ABSTRACT

This research was conducted to determine how much influence the quality of service, location, and word of mouth at the Safier Store in Trenggalek City, with the formulation of the problem of how service quality, location, and word of mouth can influence purchasing decisions. at the Safier Store in Trenggalek City, and the purpose of this study was to determine the quality of service, location, and word of mouth that could influence purchasing decisions at the Safier Store in Trenggalek City. The population in this study are all people who meet or are in a place that fits the research context and Safier Store consumers, so the population is unknown, then the Jacob Cohen formula is used where consumers are 120 respondents with sampling using Accidental Example. And the test results show that each variable, namely service quality, location, and word of mouth can have a positive and significant effect on purchasing decisions at the Safier Store in Trenggalek City

KEYWORDS: Service Quality, Location, Word Of Mouth, and Purchase Decision

Introduction

Marketing has changed a lot, from traditional marketing which is more product-oriented, now it has evolved to be customer oriented, where business people are more concerned with the wants and needs of their consumers. Thus, marketing activities must now be more planned in accordance with the wishes and needs of consumers. Moreover, the current economic development is very influential on the competition between companies engaged in the same field, for example the retail business. Retail is a business that involves selling goods to consumers in units or retail. Consumers who buy a product in retail are intended for personal use and not for resale (Utami, 2010).

One of the successful retail businesses is the Safier Store located in the small town of Trenggalek. This retail store, which is crowded with people from Trenggalek, was established in 2019 and is located at Jalan Yos Sudarso No 44A Rt.006 Rw.002, Sosutan, Ngantru, Trenggalek District, Trenggalek Regency, East Java. Safier Store itself is widely known by the people of Trenggalek because its target market is millennials, by providing a variety of fashionable and contemporary clothes, which is the main attraction for this store. Not only providing clothes but also providing various kinds of bags, belts, and shoes. The hectic Safier Store has made many other new clothing stores appear, this makes business competition quite clear that business competition is fierce which does not only occur in big cities. Therefore, researchers are interested in choosing Trenggalek City as a place of research.

According to Kotler and Keller (2012), service quality is defined as the company's ability to satisfy the needs and desires of consumers. Based on this definition, service quality is determined by the company's ability to meet the needs and desires in accordance with consumer expectations. Service quality according to Fandhy Tjiptono (2007) in research (Robby Fauji, 2018) with the title of research on the influence of service quality, location and word of mouth on purchasing decisions is the level of excellence expected and its control over the level of excellence to meet customer desires. Consumers will judge the quality of a recommended service based on what they describe in their minds. In addition to services, choosing a strategic location in establishing a business is also very important. Swastha states that location is a place where a business or business activity is carried out. In running a business, choosing a good and strategic location is a very important decision (Arianto and Satrio, 2020). Business actors must choose a strategic location in a place that is close to the crowds and community activities and is easily accessible by consumers. Research conducted by (Heni Gustina, 2018) entitled the effect of price, product completeness and location on purchasing decisions proves that the results of his research have a positive effect on purchasing decisions. With good service quality, strategic location, it will get a positive response to create good information by consumers which leads to word of mouth promotion. Word of mouth is personal communication about products between buyers and the people around them. If consumers spread good opinions about the service, and the location is called

positive word of mouth, but if consumers spread bad opinions about the service, the location is called negative word of mouth. According to research conducted by (Maria Yulinta Eka and Antonio E.L Nyoko, 2019) companies must build good relationships with consumers to create loyalty and ensure that consumers talk about positive things about the service, as well as the location of the company, thereby attracting interest. new consumers through word of mouth. After consumers get what they want, such as good service, a strategic and easy-to-find store location, good information from the store, a purchase decision occurs. The purchase decision is the final stage where consumers have determined the choice to be purchased and make purchases of the product and consume it (Sunyoto, 2012).

Based on this information, the researcher directed this study to the effect of location, service quality and word of mouth on purchasing decisions at the Safier Store in Trenggalek City. 1) To find out whether service quality affects purchasing decisions at the Safier Store in Trenggalek City. 2) To find out whether location influences purchasing decisions at the Safier Store Store in Trenggalek City. 3) To find out whether word of mouth influences purchasing decisions at the Safier Store in Trenggalek City. 4) To find out whether service quality, location, and word of mouth have a simultaneous effect on purchasing decisions at the Safier Store in Trenggalek City.

Method

The type of research that will be used is quantitative research, namely research in which details are presented in a systematic, well-planned and clearly structured manner by collecting various kinds of information that are needed and then proceeding with processing and analyzing to summarize the conditions and problems. The population of this research is Safier Store consumers in Trenggalek City whose number is unknown. Determining the sample in this study is based on Roscoe's theory (1975) in Sugiyono's research (2014) which states that the sample size selected in the study is between thirty to five hundred elements. meet as an alternative population that has been studied using accidental sampling technique. Accidental sampling is used as a sample based on a sudden meeting with the researcher and can be used as a sample if it is deemed appropriate to be a data source, Notoatmodjo (2010). In the research conducted, the researchers determined two types of variables, namely the independent variable and the dependent variable. Independent Variables: Service Quality, Location, and Word-Of-Mouth, while the Dependent Variable, Purchase Decision.

The data collection used in this research is by distributing questionnaires in the form of google forms which have been distributed to respondents with techniques that provide information or questions to consumers or respondents. The method used in this study is a description of the results of the questionnaire answers that have been distributed to consumers at the Safier Store Trenggalek, the results obtained using the descriptive analysis method to summarize the data from the respondents. There are various tests in this study, namely: Data quality test,

classical assumption test, influence test, t test and f test in data processing for researchers of the IBM SPSS (Statistical Package for Social Sciences) version 22 program, with the aim of knowing whether there are effects and relationships between variables.

Based on research from Eva Sudarningsi & Asron Saputra (2020), Maria Yalinta Ena and Antonio E.L Nyoko (2019), and Anisa Nur azizah (2022) who raised the influence of service quality, location, and word of mouth on purchasing decisions, the researcher said that there is an influence between service quality on purchasing decisions at the safier store. In addition to service quality, location also influences purchasing decisions in accordance with those made by Eva Sudarningsi & Asron Saputra (2020), Maria Yalinta Ena, and Antonio E.L Nyoko (2019). Factors that are of concern to researchers in addition to service quality, and location in purchasing decisions are word-of-mouth factors. Where the influence of careful word of mouth by Robby Fauji (2018) and Heny Herawati (2020) shows that there is an influence on purchasing decisions. This is the background for researchers in conducting research on purchasing decisions at the Safier Store.

Result

Figure 1. Research Model
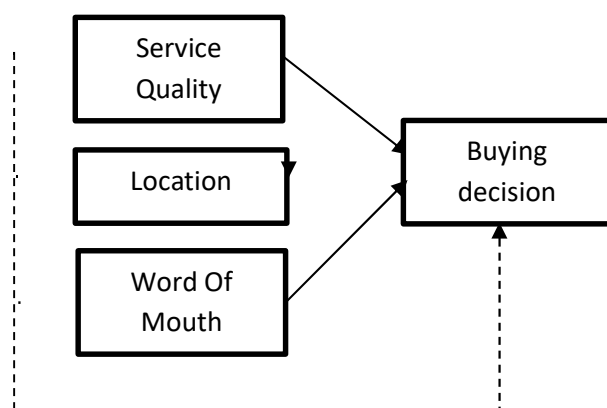
Hypothesis

H1 : It is suspected that the quality of service has a significant and positive effect on purchasing decisions at Safier Trenggalek Store.
H2 : It is suspected that location has a positive and significant effect on purchasing decisions at the Safier Store in Trenggalek.
H3 : It is suspected that Word of Mouth has a significant effect on purchasing decisions at the Safier Store in Trenggalek
H4 : It is suspected that Quality of Service, Location, and Word Of Mouth simultaneously have a significant effect on purchasing decisions at the Safier Store in Trenggalek.

Discussion

Data Quality Test

Table 1. Validity Test Results

Item	R-Count	R-Tabel	Sig.(2-tailed)	A	Conclusion
X1.1	0.696	0.1793	0.000	0.05	Valid
X1.2	0.672	0.1793	0.000	0.05	Valid
X1.3	0.696	0.1793	0.000	0.05	Valid
X1.4	0.720	0.1793	0.000	0.05	Valid
X2.1	0.704	0.1793	0.000	0.05	Valid
X2.2	0.677	0.1793	0.000	0.05	Valid
X2.3	0.711	0.1793	0.000	0.05	Valid
X3.1	0.557	0.1793	0.000	0.05	Valid
X3.2	0.777	0.1793	0.000	0.05	Valid
X3.3	0.764	0.1793	0.000	0.05	Valid
Y.1	0.699	0.1793	0.000	0.05	Valid
Y.2	0.670	0.1793	0.000	0.05	Valid
Y.3	0.708	0.1793	0.000	0.05	Valid

Source: Processed IBM SPSS 22 (2022)

The research instrument can be said to be valid if the value of sig. (2-tailed) for each total variable is less than the research significance level (Sig. (2-tailed) < = 0.05). Based on the results of the validity test stating that all items measuring the research variables have an R-count that is greater than the R-Table, as well as the value of Sig.2 (0.000 <0.05 (significant level or), it is stated that the research instrument is a questionnaire that used to measure service quality, location, word of mouth and purchasing decisions at the Safier Store in Treanggalek City. Valid or valid.

Table 2. Reliability Test

Item	Cronbach's Alpha if Item Deleted	Provision	Conclusion
X1	.759	> 0.6	Reliabel
X2	.749	> 0.6	Reliabel
X3	.747	> 0.6	Reliabel
Y	.754	> 0.6	Reliabel

Source: Processed IBM SPSS 22 (2022)

The research instrument can be said to be reliable if the value of Cronbach's Alpha is known to be greater than 0.6. Based on the results of the reliability test, it is known that the Cronbach's Alpha value of each item that measures the research variables is greater than 0.6. This shows that the research instrument is a questionnaire used to measure service quality, location, word of mouth and purchasing decisions at the Safier Store in Trenggalek City. Reliable or Consistent or Reliable.

Table 3. Kolmogorov-Smirnov Test

		Unstandardized Residual
N		120
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	1.25982908
Most Extreme Differences	Absolute	.063
	Positive	.063
	Negative	-.051
Test Statistic		.063
Asymp. Sig. (2-tailed)		.200c,d

Source: Processed IBM SPSS 22 (2022)

Based on the Kolmogorov-Smirnov test, a significant Asymp value of 200 is obtained and it can be said that the value is greater than 0.05 (0.200 > 0.05) so that the residual value is normal.

Table 4. Multikolinearitas Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
X1	.638	1.569
X2	.627	1.596
X3	.666	1.502
a. Dependent Variable: Y		

From the test results above, it is concluded that there is no multicollinearity between the independent variables because from all the VIF results the independent variable is more than 10 the tolerance value is more than 0.1.

Table 5. Test Heterokedakstisitas

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.084	.640		1.692	.093		
X1	-.051	.040	-.145	-1.268	.207	.638	1.569
X2	-.019	.056	-.040	-.343	.733	.627	1.596
X3	.083	.050	.186	1.658	.100	.666	1.502
a. Dependent Variable: Abs_Res							

From the test results above, it shows that the sig value for the variables of Service Quality (X1), Location (X2), and Word Of Mouth (X3) > 0.05 so that it is concluded that there is no symptom of heteroscedasticity

Table 6. Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.025	1.111		2.722	.007		
	X1	.177	.070	.230	2.515	.013	.638	1.569
	X2	.205	.096	.196	2.124	.036	.627	1.596

X3	.311	.086	.322	3.600	.000	.666	1.502

a. Dependent Variable: Y

Based on the value of B, a multiple linear regression model can be formed as follows:

Y = 3.025 + 0,177X1 + 0,205X2 + 0.311X3 + ε 1

Based on the results of the regression model formed, it can be seen that the regression constant is positive, amounting to 3,025 which means that without X1 (quality of service), X2 (location), X3 (word of mouth) actually consumers who become research respondents already have purchasing decisions. The regression coefficient on X1 (quality of service) is positive at 0.177. This means that the higher the quality of service, the higher the purchase decision. And as for every 1 unit increase in service quality, it will increase purchasing decisions by 0.177 units. The regression coefficient on X2 (location) is positive at 0.205. This means that the higher the strategic location, the higher the purchase decision. And for every 1 increase in the unit price, it will increase the purchase decision by 0.205 units. The regression coefficient on X3 (word of mouth) is positive at 0.311. This means that the higher the word of mouth, the higher the purchase decision. And as for every 1 increase in word of mouth units, it will increase purchasing decisions by 0.311 units.

Table 7. Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.619a	.383	.367	1.27602	1

a.Predictors: (Constant), X3, X1, X2
b.Dependent Variable:Y

Based on Table 3 shows that the R-Square value is 0.383. It shows that 38.3% of purchasing decisions at the Safier Store in Trenggalek City are explained by service quality, location and word of mouth. While the remaining 61.7% is explained by other variables considered in this study.

Table 8. Test F

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	117.052	3	39.017	23.963	.000b
	Residual	188.873	116	1.628		
	Total	305.925	119			

Based on data table 4, it can be seen that the calculated F value is 23,963 with a Sig value. of 0.000. While the value of the F-table for the significance value or a = 0.05; df1 = 3; df2 = 116 by 2.68. Because the value of F-count > F-table (23.963 > 2.68) and Sig. < (0.000 < 0.05). This means that the formed regression model meets *goodness of fit model* or the regression model that is formed is feasible and can be used to predict purchasing decisions at the Safier Store in Trenggalek City.

Table 9. Test t

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.025	1.111		2.722	.007		
	X1	.177	.070	.230	2.515	.013	.638	1.569
	X2	.205	.096	.196	2.124	.036	.627	1.596
	X3	.311	.086	.322	3.600	.000	.666	1.502
a. Dependent Variable: Y								

H1: Service quality variable with t-count result of 2.515 on purchasing decisions (Y) and significant of 0.007. Or indicated by t count 2.515 > t table = 1.98063 with a value of 0.05 so that Ho is rejected and Ha is accepted or it is concluded that the service quality variable has a positive and significant effect on purchasing decisions.

H2: Variable Location with the results with the results of t count of 2.124 to the purchase decision (Y) and a significant of 0.36. Or indicated by t count 2.124 > t table = 1.98063 with a value of 0.05 so that Ho is rejected and Ha is accepted or it is concluded that the location variable has a positive and significant effect on purchasing decisions.

H3: Variable *Word Of Mouth* with a t value of 3,600 on purchasing decisions (Y) and a significant value of 0.000 and shown by t count = 3,600 > t table = 198063 with a value of 0.05 so that Ho is rejected and Ha is accepted or concluded that the variable Word of Mouth has a positive and significant effect on purchasing decisions

Conclusion

From the results and discussion in this study, it can be concluded that Service Quality as a variable (X1), Location as a Variable (X2) and Word Of Mouth as a Variable (X3) are known to have a positive and significant effect on Purchase Decisions as a Variable (Y) on Safier Store in Trenggalek City. Based on the results of this study, the better the quality of service obtained by consumers, the better purchasing decisions, and the more strategic a business is established that makes it easier for consumers to find these locations, it will improve purchasing decisions, and the better promotions and positive information received by consumers means more consumers who make purchasing decisions. And the limitations faced by researchers in this study were when collecting data through questionnaires to respondents because at this stage sometimes respondents did not fill in the link that had been given.

Reference

Anisa Nur Azizah. 2022. "Pengaruh Kualitas Layanan, Lokasi, dan Word Of Mouth Terhadap Keputusan Pembelian di Toko Pasudan Pusat".

Arianto & Satrio. 2020. "Pengaruh Produk, Harga, Kualitas Layanan, Lokasi, Store Atmosphere Terhadap Keputusan Pembelian Kopisae".

Devi Yuningsih. 2022. "Kualitas Pelayanan dan Word Of Mouth Terhadap Keputusan Pembelian".

Heni Gustina. 2018. "Pengaruh harga, kelengkapan produk dan lokasi terhadap keputusan pembelian Pada Konsumen Mini Market Masita".

Heny Herawati. 2020. "Pengaruh Kualitas Pelayanan dan Word Of Mouth (WOM) Terhadap Keputusan Pembelian". *Kinerja Jurnal Ekonomi dan Bisnis,* 3(1).

M. Al Kindy Dimas Ali Ghufron. 2021. "Analisis Pengaruh Lokasi, Kualitas layanan dan Word Of Mouth Communication   Terhadap Keputusan Pembelian pada Bumdes Market Trijaya Balung Lor".

Maria Yalinta Eka, Antonio E.L.Nyoko & Wehelmina M. Ndoen. 2019. "Pengaruh Presepsi Harga, Kualitas Pelayanan, Lokasi dan Word Of Mouth Terhadap Keputusan Pembelian di Chezz Cafenet". *Jurnal Manajemen (SME's),* 10(3): 299-310.

Muinah Fadil, Agus Dwi Candra & Candra M.T. 2022. "Pengaruh kualitas produk, kualitas pelayanan, lokasi dan inovasi terhadap keputusan pembelian".

Ni Putu Dinda. P.A. & Ni Made Purnami. 2019. "Peran Word Of Mouth Memediasi Kualitas Produk Terhadap Keputuan Pembelian".

Rudi Effend, Marjam Desma & Alwi Suddin. 2016. "Analisis Pengaruh Word Of Mouth, Lokasi, dan Kualitas Pelayanan Terhadap Keputusan Pembelian". *Jurnal Ekonomi dan Kewirausahaan,* 16(3): 416 : 418.

Sunyoto. 2012. Tahapan Akhir Dalam Keputusan Pembelian.

Wicaksono, Kevin. 2021. "Pengaruh Kualitas Pelayanan, Harga, Lokasi, dan Word Of Mouth Terhadap Keputusan Pembelian *(Studi Kasus pada Angkringan AKROPI Rawasari)". thesis, Sekolah Tinggi Ekonomi Indonesia Jakarta.*

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Irna Yulianti

Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Ahmad Nizar Yogatama

Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Ida Rohayu binti Mohd Romli

Management, Politeknik Tuanku Syed Sirajuddin, Malaysia

Email Correspondence: nizaryogatama@asia.ac.id

ABSTRACT

The purpose of this research is to investigate the impact that emotional burnout has on the professional growth of students who are enrolled in the Management Study Program at the Asian Institute of Technology and Business in Malang. Research of this nature is known as quantitative research. The population of this study consisted of all students enrolled in a management study program who were also working full-time jobs while pursuing their education; the sample size for this study was 34 students. In this study, we make use of a method called purposive sampling. A questionnaire was utilized as the means of data collection in order to determine levels of emotional tiredness and learning behavior. Analysis of the data using simple linear regression. after being examined through the use of a straightforward regression analysis method. The findings demonstrated that emotional exhaustion had a considerable impact on the progression of one's career.

KEYWORDS: Emotional Burnout, Career Development

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Introduction

Burnout is a condition of emotional, physical and mental exhaustion caused by excessive and ever-increasing stress (Göldağ 2022). This then causes many individuals to begin to experience disturbances in communication. If someone is working and studying at the same time, it is not impossible that someone has a high level of stress, where each individual has a different stress threshold (Bolger et al. 1989; Magnavita, Soave, and Antonelli 2021; Pearlin 1989). This then often causes different side effects, such as decreased performance, study failure to work and study failure. Of course this should not be allowed because it will create adverse situations and conditions not only for this individual, but the place where this individual works and studies.

Fatigue can strike anyone regardless of the type of job, gender or even position (Artz, Kaya, and Kaya 2022). No matter the individual already has a high position though, emotional exhaustion will not be avoided (Dickinson, Miller, and Beeson 2021; Omotayo, Esther, and Ibiyinka 2014; Pearlin 1989; Zhigulina and Kononov 2021). Some argue that men are more resistant to stress than women, and vice versa. Then there are also those who say that certain types of work have low levels of stress so that emotional exhaustion can be avoided, such as jobs such as cashiers, selling children's toys and so on which are considered not to need a lot of critical decision making (Kryshtanovych et al. 2022; Liping et al. 2022; Pearlin 1989).

One way to reduce emotional exhaustion is through sleep (Hu et al. 2020, 2020; Liping et al. 2022; Rybinska et al. 2022). Rest through sleep is indeed an alternative for individuals to rest their bodies after a lot of activities, but considering the many activities carried out by students who work at the same time, one of the sacrifices made is to reduce rest hours to complete office and college assignments because each has different and equally important interests. This then creates stress and emotional exhaustion for students who are also working (Hu et al. 2020; Pearlin 1989; Zhigulina and Kononov 2021).

Most people have experienced emotional exhaustion and things can be healed through self-healing, namely healing themselves from inner wounds, where this is useful for completing unfinished business which results in one's emotional exhaustion. There are several factors that make emotional wounds and disturbing emotions. Emotional exhaustion can be caused by anxiety, feelings of sadness left by parents, feeling of failure to achieve something, and other problems in the past.

Researchers in the fields of psychology, medicine, human resource management, and education, among others, have been studying burnout syndrome for decades (Bolger et al. 1989, 1989; Göldağ 2022; Kryshtanovych et al. 2022; Magnavita et al. 2021; Omotayo et al. 2014; Pearlin 1989; Rybinska et al. 2022; Tukaev, Vasheka, and Dolgova 2013). Those in the helping professions were wrongly singled out as the only ones susceptible to burnout at first. Workers in helping professions identified emotional exhaustion, depersonalization, and

decreased personal success as the primary symptoms of burnout. Apathy and lack of motivation are signs of emotional exhaustion. Negative interactions with others are fostered when one is emotionally distant and apathetic, and when one goes through the motions at work without putting one's heart into it.

If an employee's professional fortunes start to drop, he is less likely to feel satisfied with who he is as a person and in his work (Zhigulina and Kononov 2021). Burnout syndrome is characterized by "vital instability," which manifests itself through feelings of despondency, depression, elation, anxiety, hopelessness, and impatience. Burnout syndrome increases one's vulnerability to suicide in addition to its poor effects on health, happiness, and the ability to meet one's professional responsibilities.

It can be seen that education becomes a necessity for a person and can determine human life. There are several factors that affect a person's learning, including internal factors are factors that exist within a person including physical, namely health and disability, psychological include intelligence, attention, interests, talents, motivation, and fatigue factors there are two namely physical fatigue seen weakly. lethargic, while spiritual exhaustion is seen with lethargy and boredom. The external factors are family circumstances, school conditions, and society.

For students who work, it is certainly not easy to be able to excel in the academic field well. Students must be good at managing their learning behavior well between the dense activities carried out during college and at work, so that both can run in balance. The division of this time depends on how a person is able to organize himself so that the goal can still be achieved. For some students who are involved in work routines, if their achievement scores decrease, the student needs to do a self-evaluation because the student's goal is to be successful in lectures. Moreover, students who work only have very minimal or even less time to rest because their energy is forced by two equally important activities.

This research itself tries to fill the gaps that occur, including the last research that specifically discussed emotional exhaustion was 22 years ago, namely Emotional dissonance in organizations: antecedents, consequences, and moderators by Abraham (1998), Antecedent and response focused emotion regulation: divergent consequences for experience, expression, and physiology by Gross (1998) and Emotional labor as a potential source of job stress by Adelmann (1995). No previous research has focused on its relationship with career development, which is now important, especially post-pandemic, many people work harder to get the same results before the pandemic and emotional exhaustion is experienced by many Generation Z and Millennials today. Some sources say this is caused by Generation Z and Millennials who are used to something instant.

Method

The research used in this study is a quantitative approach. This study aims to determine whether there is an effect of emotional exhaustion on career development. In this study, two

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

variables were used, namely Emotional Burnout as the independent variable and Career Development as the dependent variable. Emotional Burnout (variable X) is an emotional state that occurs continuously which results in psychological (soul) tension due to pressure from work. Career development (variable Y) is defined as "an ongoing, formalized effort by an organization that focuses on developing and enriching the organization's human resources in light of both the employees' and the organization's needs.

By definition of Boyko, emotional burnout is a psychological defense mechanism in the form of full or partial shutdown of emotion in response to stressful influences (Tukaev et al. 2013). This stereotype gained emotional, often professional conduct is a manifestation of personality professional deformation. Boyko considers emotional burnout as a dynamic process that occurs in stages in accordance with the mechanism of stress. There exist 3 phases: anxiety stress, exhaustion and Resistance. Emotional exhaustion is measured using several indicators including anxiety stress, exhaustion and resistance. Anxiety stress was measured using 2 items, namely being angry for no reason and bored with the demands of work. Exhaustion is measured by being chased by time and feeling lazy to work when studying and feeling lost. Finally, Resistance is measured by not being able to carry out lectures while working and feeling low self-esteem.

Career development is defined as "an ongoing, formalized effort by an organization that focuses on developing and enriching the organization's human resources in light of both the employees' and the organization's needs" (Ehido et al. 2020). Career development can help reduce cost expended on recruiting and training new employees in organizations. In similar direction, Byars & Rue (2004) identify the following major objectives of career development: "(i) to meet the immediate and future human resource needs of the organization on a timely basis; (ii) to better inform the organization and the individual about potential career paths within the organization; and (iii) to utilize existing human resource programs to the fullest by integrating the activities that select, assign, develop, and manage individual careers with the organizations' plans (Osibanjo, Oyewunmi, and Ojo 2014). "The underlying theories of career development provide assumptions about factors involved in vocational development. They provide platform in which various tasks that will fast track the development of one' career a reality. Some of these variables include; skills, experience, promotion, values, recognition and reward. Career development is measured using several indicators, namely skills, experience, promotion, values, recognition and reward. Skills are measured using career ease and potential for achievement, promotion is measured using career opportunities and promotion to a higher position, values are measured using a wider network of friends and rewards are measured using reduced work saturation.The sampling technique used in this study using non-probability sampling is a sampling technique that does not provide equal opportunities/opportunities for each element or member of the population to be selected as samples. Purposive sampling is used, which is a technique to determine the sample with certain considerations. Sampling determined by certain considerations are certain

characteristics, in order to support the research objectives, including working part-time, having a week off work, and still actively studying.In this study, samples were taken of 34 out of 970. The population of all active students of the Faculty of Economics and Business Management Study Program at the Asian Institute of Technology and Business Malang who are working and studying simultaneously since the last 5 years and at least in 2022 are still actively working. Data collection techniques used in this study were using questionnaires and interviews. This study used an instrument in the form of a questionnaire with a Likert scale of 1-5. On this scale there are five choices of answers to the existing statements, namely: Strongly Agree (SS), Agree (S), Neutral (N), Disagree (TS), and Strongly Disagree (STS). The data analysis technique used in this research is a simple linear regression analysis technique.

Result

Figure 1 **Respondent Gender**
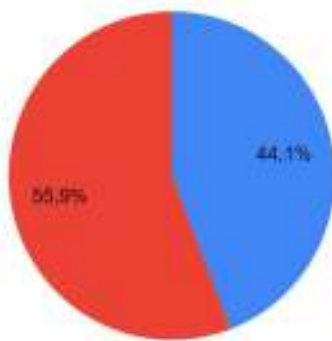
There are more women than men enrolled in the Business Management Study Program in the Faculty of Economics and Business at the Asian Institute of Technology, which accounts for 55.9% of the total student body. This is due to the fact that the Management Study Program mostly attracts students of the female gender; hence, it is only logical that the working students be predominantly composed of women.

Figure 2 **Respondent's Job Category**
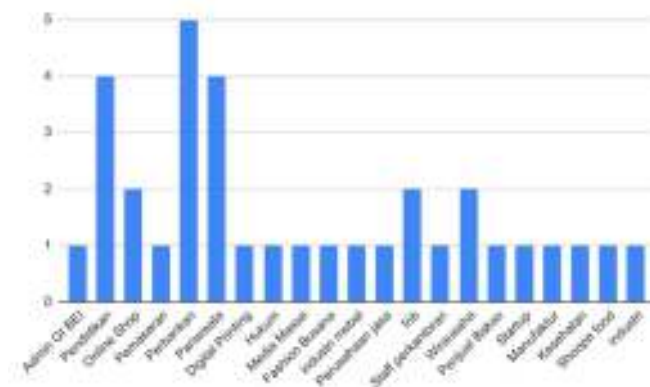
WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

The banking category represented the vast majority of respondents in our study. This demonstrates that students who are enrolled in the Faculty of Economics and Business Management Study Program at the Institute of Technology and Business Asia Malang are employed in the banking industry. This most likely occurred as a result of the fact that, during the epidemic, a large number of students looked for work outside of college in order to make the most of the time and chances available to find a job, where they could also finance continued lectures.

Figure 3 **Respondents Working Period**
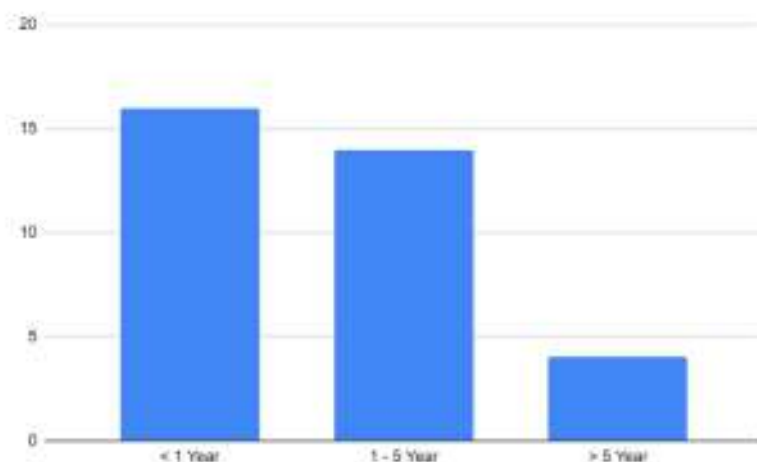
Less than a year's worth of job experience predominated among the respondents in this study. This makes sense given the limited number of professions that can be obtained without a college degree. especially for those who are actively employed while also pursuing their education.

Table 1 **Respondent's Answer**

Item	%				
	1	2	3	4	5
Emotional Burnout					
Being Angry For No Reason	24%	26%	24%	15%	12%
Bored With The Demands Of Work	26%	24%	35%	12%	3%
Being Chased By Time	6%	15%	15%	24%	41%
Feeling Lazy To Work When Studying	24%	35%	26%	9%	6%
Feeling Lost	35%	29%	24%	6%	6%
Not Being Able To Carry Out Lectures While Working	35%	29%	26%	3%	6%
Feeling Low Self-Esteem	41%	12%	38%	9%	0%
Career Development					
Career Ease	6%	6%	15%	32%	41%

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Potential For Achievement	6%	9%	21%	29%	35%
Clear Career Development	3%	15%	12%	29%	41%
Career Opportunities	0%	21%	26%	35%	18%
Promotion To A Higher Position	6%	9%	38%	18%	29%
Wider Network Of Friends	6%	15%	15%	29%	35%
Reduced Work Saturation	3%	12%	38%	12%	35%

For the emotional fatigue variable, respondents do not suffer anxiety stress because the item being furious for no reason is dominated by opposing replies. Although there are some replies that agree. As a result, it is clear that despite the stresses of work and school, responders maintain emotional control. Furthermore, for items bored with current job expectations, the replies were dominated by disagreeing. This is because the majority of responders seem to have no other alternative so that being bored with the demands of work is not something that should be given an option because it has become an obligation. In addition, college fees are the fundamental reason why work demands become a huge obligation. Although there are some people that said agree to this. This conflict most likely arose because some people felt stuck in their employment due to a lack of education and were unwilling to compromise in order to advance. For tiredness, respondents do feel that they are being chased by time while studying while working.

This is because the variety of tasks means that working hours may be interrupted over the academic year. To feel lethargic to work while studying while working, the majority are dominated by disagreeing solutions. This demonstrates that, despite having full-time jobs, respondents are still dedicated to furthering their education and have a strong desire to learn. The last is feeling lost when studying while working is dominated by condemning answers. This is because respondents feel that college is truly one of the triggers of enthusiasm because higher education opens up more prospects in the job with a higher level of education in the future. For resistance, the item feels unable to carry out lectures while working, dominated by opposing answers since respondents feel they are able to study while working, while they have also committed to strengthening their hard skills. Following that, there are a lot of conflicting opinions on the topic of having low self-worth when juggling school and job. This demonstrates that students who work while also attending school have a greater sense of accomplishment than their counterparts who study in a purely theoretical environment since they have already put their theoretical knowledge into practice.

Competencies, promotions, values, and financial compensation are only few of the metrics used to evaluate success in the workplace. To the question about how simple it is to advance in one's chosen field, the answer is unquestionably yes. This is due to the fact that respondents believe a college degree will help them advance in their current positions. Not only that, but a high degree of agreement also seems to predict greater success. This is because better education will make it easier for responders to flourish in their particular careers. For unambiguous career development topics, the answer is strongly agree. This is due to the

increased availability of employment options for those with a greater level of education. Career opportunities items are dominated by agree replies. This is because the career progression of respondents is obvious if they have higher education. Item advancement to a higher position is dominated by neutral answers.

The respondents' wide range of occupations makes them anticipate a wide range of circumstances in which they would be promoted. When polling a larger group of people, the answer that tends to win out is "strongly agree." This is because respondents feel that their network of friends will be wider when they have a greater degree of education. Responses on the lowered work saturation items tended to be neutral. This is because respondents feel that work saturation is not mitigated by the existence of a greater degree of education.

Table 2 Statistical Results

R Square	0,04
Adjusted R Square	0,01
Standard Error	6,33

Google Sheets computations showed that the variable utilized in this study, emotional fatigue, only explained 4% of the variation in professional advancement. But when looking at the Adjusted R Square, emotional exhaustion can only explain the career progression problem by 1%. The standard error of this particular test result is 6.33.

Table 3 ANOVA

	df	SS	MS	F	Significance F
Regression	1	50,97232622	50,97232622	1,271767516	0,2678202801
Residual	32	1282,557086	40,07990892		
Total	33	1333,529412			

Total n-1 degrees of freedom; in this case, 33 (n=34-1). Since there is only one independent variable in this analysis, emotional exhaustion, the degree of freedom of the regression model is 1. After subtracting one from 33, the residuals have 32 degrees of freedom. The sum of squares (SS) is calculated by subtracting the average value of emotional burnout from the sum of squares of the forecasts of the dependent variable, here, professional advancement. Total SS = 1333; the corresponding figure for the square of the variance in professional advancement is 1333. Then there's the fact that emotional exhaustion is a partial cause of career advancement fluctuations, at 50.97, with the remaining 49.03 attributable to other variables that affect emotional burnout but aren't accounted for in the model.

Table 4 Regression

	Coefficients	Standard Error	t Stat	P-value
Intercept	22,28006072	3,571949287	6,237507571	0,000
X Variable 1	0,2167407568	0,1921926263	1,127726703	0,000

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

This study's findings from a linear regression analysis show that emotional fatigue significantly affects professional advancement. Students in the Management Study Program at the Asian Institute of Technology and Business in Malang were found to be significantly more likely to report experiencing emotional weariness than those in the other programs. Testing the hypothesis with a straightforward linear regression analysis method yields an R-value of 0.04, with an R-squared value of 0.01. The R value reveals a 0.04 (or 4%) association between emotional weariness and learning behavior, while the R Squared value suggests that the emotional fatigue variable contributes 0.01 (or 1%) to professional growth. The remaining 0.99 or 99% is affected by variables the researcher did not account for.

Discussion

Researchers in the fields of psychology, medicine, human resource management, and education, among others, have been studying burnout syndrome for decades (Bolger et al. 1989, 1989; Göldağ 2022; Kryshtanovych et al. 2022; Magnavita et al. 2021; Omotayo et al. 2014; Pearlin 1989; Rybinska et al. 2022; Tukaev et al. 2013). Those in the helping professions were wrongly singled out as the only ones susceptible to burnout at first. Workers in helping professions identified emotional exhaustion, depersonalization, and decreased personal success as the primary symptoms of burnout. Apathy and lack of motivation are signs of emotional exhaustion. Negative interactions with others are fostered when one is emotionally distant and apathetic, and when one goes through the motions at work without putting one's heart into it. In contrast, the results of this study suggest that students who work concurrently are better able to manage negative emotions, perhaps because they are more accustomed to dealing with situations and settings that demand their whole attention. between two different environments, employment and school.

If an employee's professional fortunes start to drop, he is less likely to feel satisfied with who he is as a person and in his work (Zhigulina and Kononov 2021). Burnout syndrome is characterized by "vital instability," which manifests itself through feelings of despondency, depression, elation, anxiety, hopelessness, and impatience. Burnout syndrome increases one's vulnerability to suicide in addition to its poor effects on health, happiness, and the ability to meet one's professional responsibilities. Since then, the number of high-stress occupations has grown. All occupations that require regular interaction with the general public as part of their job description fall under this category. Factors in one's personality, one's role, and one's organization can either enhance or lessen one's vulnerability to burnout syndrome, which has been the subject of a great deal of research. Overwork syndrome, which can accompany not only the performance of (nearly) any professional activity, but also any other work, such as homework, is what scientists believe causes burnout syndrome in humans. Academic or educational burnout is recognized in the scientific literature as a distinct form of emotional exhaustion experienced by students throughout the delivery of educational activities.

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Student performance suffers and willingness to study is diminished when they experience academic burnout. In the context of the Management Study Program, however, students have reported a shift in their perspective on this type of exhaustion, reporting instead that they are more energized and motivated to achieve success in both their academic and professional endeavors when they have to do so simultaneously. We think it's important to learn more about burnout among working students, as they often experience role tension due to having to balance employment and school. Respondents seldom seem to realize that this is something that should be avoided, despite the fact that they are on a tight schedule and often have to catch up with the available time to finish work and lecture tasks simultaneously. Working students in all disciplines show signs of being overwhelmed by these two stresses. Previous research by the authors of this paper established a correlation between the amount of time spent juggling work and school and the severity of burnout symptoms.

Academic performance, study schedule, workload at work, and connections with professors were shown to be the most worrisome components of the "work - study" continuum for working students. The data suggests that as long as students and professors are able to effectively communicate with one another, as has been the case thus far, neither group has much to worry about. Stress and exhaustion can take a toll on a student's mental and physical health, leading to a decline in performance in school and possibly even an expulsion if it leads to a student's inability to function in the workplace. In addition, a working student's interpersonal relationship system will be disrupted by emotional burnout, leading to more disputes in their professional and academic settings and slower responses to their instructors' and employers' needs.

To us, full-time students are the most vulnerable to burnout syndrome since this form does not initially provide, but at the legislative level, there are no restrictions on carrying out professional activities while enrolled in school. Work-study imbalance is a major contributor to burnout syndrome, which manifests quickly in working students due to increasing physical and emotional exhaustion. As such, it is important to devise a model for assisting working students, one that incorporates a variety of organizational, educational, and psychological strategies for mitigating and avoiding the onset of emotional burnout.

Students are a group in society that obtains its status because of ties to universities, such as those at the Asian Institute of Technology and Business, Malang. Students are also prospective intellectuals or young intellectuals in a society. As students who gain a high level of knowledge, at this level they are considered to have physical maturity and broad thought development, so that with this added value they can have the awareness to determine their own attitude and be able to take responsibility for their attitudes and behavior.

A person's learning achievement is in accordance with the level of success of something in learning the subject matter expressed in the form of grades or report cards for each field of study after experiencing the teaching and learning process. A person's learning achievement

can be known after an evaluation is held. The results of the evaluation can show the high or low learning achievement of a person. A learning achievement can be used as a source of pride and can even be used as some of the requirements contained in job vacancies, at least having taken an undergraduate degree with a fairly good GPA. The higher a person's education level, the more proud that person will be with the level of education he has.

Schaufeli (1998) claims that a number of factors contribute to the development of emotional weariness. The first source of stress is doing too much, or one's workload. The second is time pressure, which results from the stress an individual has as a result of the urgency with which his or her task must be completed (deadline). Third is a circumstance where there is no encouragement from friends and family to get things done (Lack of Social Support). Role stress (number four) occurs when an individual is bothered by professional ambiguity and disagreement on the job. According to Goleman (2020), a person who has high self-control can regulate their impulses and repress their emotions, keep their cool when confronted with adversity, and concentrate on solving issues without getting distracted. The ability to maintain regular learning behavior and self-discipline, as well as the ability to channel emotional energy in a more productive direction, are all necessary for working students to continue to excel in the world of education. This is why working students with a high level of motivation/desire tend to be good at managing time and understanding themselves so that the routine between work and college can run in balance.

Conclusion

However, it is important to keep in mind that emotional burnout can only explain as much as 1% of the issues with career development, and that further research is needed to fine-tune career development in terms of involvement, type of employment, type of education taken, and expectation levels. by participants about matters pertaining to professional growth.

Reference

Abraham, Rebecca. 1998. "Emotional Dissonance in Organizations: A Conceptualization of Consequences, Mediators and Moderators." *Leadership & Organization Development Journal*.

Adelmann, Pamela K. 1995. "Emotional Labor as a Potential Source of Job Stress."

Artz, Benjamin, Ilker Kaya, and Ozgur Kaya. 2022. "Gender Role Perspectives and Job Burnout." *Review of Economics of the Household* 20(2):447–70.

Bolger, Niall, Anita DeLongis, Ronald C. Kessler, and Elizabeth A. Schilling. 1989. "Effects of Daily Stress on Negative Mood." *Journal of Personality and Social Psychology* 57(5):808.

Dickinson, Rebecca, Raissa Miller, and Eric T. Beeson. 2021. "Leveraging Neuroscience-Informed Resilience Principles to Support Clients' Career Decision-Making." *The Career*

Development Quarterly 69(4):340–54.

Ehido, Amauche, Zainudin Awang, Bahyah Abdul Halim, and Chukwuebuka Ibeabuchi. 2020. "Developing Items for Measuring Quality of Work Life among Malaysian Academics: An Exploratory Factor Analysis Procedure." *Humanities & Social Sciences Reviews, EISSN* 2395–6518.

Göldağ, Battal. 2022. "An Investigation of the Relationship between University Students' Digital Burnout Levels and Perceived Stress Levels." *Journal of Learning and Teaching in Digital Age* 7(1):90–98.

Goleman, Daniel. 2020. *Emotional Intelligence*. Bloomsbury Publishing.

Gross, James J. 1998. "Antecedent-and Response-Focused Emotion Regulation: Divergent Consequences for Experience, Expression, and Physiology." *Journal of Personality and Social Psychology* 74(1):224.

Hu, Yixin, Zhaoxiang Niu, Lejiao Dai, Rebecca Maguire, Zhaobiao Zong, Yu Hu, and Dawei Wang. 2020. "The Relationship between Sleep Pattern and Depression in Chinese Shift Workers: A Mediating Role of Emotional Exhaustion." *Australian Journal of Psychology* 72(1):68–81.

Kryshtanovych, Myroslav, Liudmyla Akimova, Oleksandr Akimov, Oksana Parkhomenko-Kutsevil, and Azad Omarov. 2022. "Features of Creative Burnout among Educational Workers in Public Administration System." *Creativity Studies* 15(1):116–29.

Liping, Guo, Huang Mingming, Shi Song, Bi Jili, Wang Yaqin, Liang Jinlong, Wang Yujie, and Sun Aiqin. 2022. "Latent Analysis of the Relationship between Burnout Experienced by Chinese Preschool Teachers and Their Professional Engagement and Career Development Aspirations." *Early Years* 1–15.

Magnavita, Nicola, Paolo Maurizio Soave, and Massimo Antonelli. 2021. "Prolonged Stress Causes Depression in Frontline Workers Facing the COVID-19 Pandemic—a Repeated Cross-Sectional Study in a COVID-19 Hub-Hospital in Central Italy." *International Journal of Environmental Research and Public Health* 18(14):7316.

Omotayo, Adewale, Adebukola Esther, and Stella Ibiyinka. 2014. "Career Development as a Determinant of Organizational Growth: Modelling the Relationship between These Constructs in the Nigerian Banking Industry." 3(7):10.

Osibanjo, Adewale Omotayo, Adebukola Esther Oyewunmi, and Stella Ibiyinka Ojo. 2014. "Career Development as a Determinant of Organizational Growth: Modelling the Relationship between These Constructs in the Nigerian Banking Industry." *American International Journal of Social Science* 3(7):67–76.

Pearlin, Leonard I. 1989. "The Sociological Study of Stress." *Journal of Health and Social Behavior* 241–56.

Rybinska, Yuliia, Oleksandra Loshenko, Taisa Kyrylenko, Veronika Kondratieva, Olha Serbova, and Oksana Stebaieva. 2022. "Comprehensive Psychological Analysis of The Features of Emotional Burnout Among IT Specialists: The Ukrainian Labor Market." *BRAIN. Broad Research in Artificial Intelligence and Neuroscience* 13(2):273–89.

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Tukaev, Sergii V., Tetiana V. Vasheka, and Olena M. Dolgova. 2013. "The Relationships between Emotional Burnout and Motivational, Semantic and Communicative Features of Psychology Students." *Procedia - Social and Behavioral Sciences* 82:553–56. doi: 10.1016/j.sbspro.2013.06.308.

Zhigulina, M. A., and A. N. Kononov. 2021. "Professional Burnout as an Object of Research in Psychological Science." *The Bulletin of Irkutsk State University.«Geoarchaeology, Ethnology, and Anthropology Series»* (35):29–44.

THE INFLUENCE OF PROFITABILITY, LIQUIDITY, DIVIDEND POLICY AND FIRM SIZE ON FIRM VALUE

Riska Isdyantara

Institute of Technology and Business Malang, Indonesia

Syaiful Bahri, S.E., MSA., Akt., ACPA.

Institute of Technology and Business Malang, Indonesia

Email Correspondence: Riskaisdyantara998@gmail.com

ABSTRACT

This study aims to examine and analyze the effect of profitability, liquidity, dividend policy and firm size on firm value. The population of mining companies listed on the Indonesia Stock Exchange in 2017-2021 is 47 companies. This type of research is causal associative research. Non-probability sampling technique with purposive sampling technique. Documentation data collection techniques. The data analysis technique is multiple linear regression analysis. The findings of profitability, liquidity, dividend policy and firm size have no effect on firm value. This research can be a reference and add useful information for investors to be more selective in investing.

KEYWORDS: Profitability, Liquidity, Dividend Policy, Firm Size, Firm Value

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Introduction

The development of the world economy is growing rapidly with increasingly advanced technology, giving rise to fierce competition in the business world. This has an impact on a company that requires to compete with other companies to maintain the company. The company is any form of business where labor, capital, natural resources gather with the aim of obtaining the maximum profit (Irawan & Kusuma, 2019). In general, companies have short-term goals and long-term goals. The short-term goal is to maximize profit each period effectively with existing resources, while the long-term goal is to develop market expansion so as to increase the value of the company.

In market expansion, of course, companies need large funds so companies need investors or shareholders to invest their capital into the company (Dwiputra & Viriany, 2020). Entering the capital market is a solution in attracting investors to get an injection of funds (Oktiwiati & Nurhayati, 2020). The welfare of shareholders or investors is described by the value of the company because the higher the value of the company has an impact on shareholders or investors. According to Dewi & Abundanti (2019), firm value is the result of financial decisions regarding investment decisions, funding decisions, and dividend policies. With good company performance, of course, the company will earn high profits so that investors will be interested in investing their share capital with the aim of getting a return on the profits earned by the company. The higher the demand for shares by investors, the higher the stock price will be. With stock prices rising, it can increase the value of the company.

Increasing the value of the company is one way to increase the prosperity of shareholders (L. S. Dewi & Abundanti, 2019). Company value is a company's success that is associated with stock prices. The higher the stock price, the higher the value of the company. Firm value can be measured using *price to book value* (PBV), *price earning ratio* (PER) and *Tobin's Q*. PBV is the relationship between stock price and book value per share. The higher the PBV value, the better the company value and if the lower the PBV value, it indicates the company is not good (M. Sari & Jufrizen, 2019). The better the company in earning profits, the higher the company's stock price.

Profitability is one of the factors that affect firm value. According to Komala et al. (2021), profitability is the company's ability to earn a profit. Profit is the level of net profit that can be achieved by the company when carrying out its operations. The profitability of a company is a picture that measures how able the company is to generate profits from the operational processes that have been implemented to ensure the continuity of the company in the future (Kalalo et al., 2020). When profits increase, it can describe the company's good performance so that it becomes a signal for capital owners to invest in the company concerned and the value of the company will increase (Oktiwiati & Nurhayati, 2020). Profitability can be measured using *return on assets* (ROA), *return on equity* (ROE) and *return on investment* (ROI)

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

(Muslichah & Bahri, 2021). Several previous studies of Oktaviarni & Murni (2019), Putra & Lestari (2016), Suwardi & Mustanda (2017), Yanti & Darmayanti (2019) that profitability has a positive effect on firm value, while the research of Farizki et al. (2021), D. K. Sari & Wahidahwati (2021) profitability has no effect on firm value.

Liquidity is the second factor that affects firm value. Liquidity is the company's ability to pay the company's short-term obligations (Putra & Lestari, 2016). According to Dwiputra & Viriany (2020), liquidity is useful to determine the company's ability to finance and fulfill obligations or debts when billed or due. Companies that have high liquidity have good performance so that they become a signal and are able to attract investors to invest which will increase the demand for shares so that the company's stock price increases. The higher the stock price, the higher the value of the company. Liquidity can be measured using the *current ratio* (CR), *cash ratio* and *quick ratio* (Muslichah & Bahri, 2021). Several previous studies Octaviarni & Murni (2019), Putra & Lestari (2016), Yanti & Darmayanti (2019) that liquidity has a positive effect on firm value, while research by Dewi & Abundanti (2019), Indrayani et al. (2022) has no effect on firm value.

Dividend policy is the third factor that affects firm value. According to Putra & Lestari (2016), dividend policy is a financial decision made by a company after operating and earning a profit whether the profit will be distributed to shareholders or retained as retained earnings. Dividend policy has its own influence on a company, because it involves the distribution of operating profits on investments invested in the company so that the distribution of high dividends and as expected can increase the value of the company (Kurniawan, 2020). Dividend policy can be measured by using the *dividend payout ratio* (DPR) which is the percentage of net income paid as cash dividends. Through this DPR, the amount of dividends per share can be determined and the amount of retained earnings as a source of company funding can be determined. Dividend policy has an effect on stock prices. An increase in the amount of cash dividends causes the company to be seen as having good prospects in the future which can increase the value of the company (Putra & Lestari, 2016). Several previous studies by Hendraliany (2019), Oktaviarni & Murni (2019), Putra & Lestari (2016), Setiawan et al. (2021) that dividend policy has a positive effect on firm value, while research by Dwiputra & Viriany (2020), Indrayani et al. (2022), Rahayu (2021), Sembiring & Trisnawati (2019), have no effect on firm value.

The next factor that affects the value of the company is the size of the company. Company size is a scale owned by the company according to the number of assets owned, the larger the size of the company, the greater the number of assets owned (Laksono & Rahayu, 2021). A large company size describes the company's good financial condition and has profitable prospects in the future (Oktaviarni & Murni, 2019). A large company size can reflect that the company has a high commitment to continuously improve its performance so that the market will pay more to get its shares because it believes it will get a profitable return from the

company. The size of the company in this study will be measured using the *natural logarithm* (LN) of the total assets owned by the company. Previous research Farizki et al. (2021), Hendraliany (2019), Yanti & Darmayanti (2019) that firm size has a positive effect on firm value, while research by Azizah & Widyawati (2021), Dwiputra & Viriany (2020), Laksono & Rahayu (2021), Suwardi & Mustanda (2017) has no effect on firm value.

Indonesia has abundant natural resources, both renewable and non-renewable natural resources. Indonesia is a country that has various kinds of wealth, one of which is gold, coal, crude oil, metals and minerals to support income in improving the Indonesian economy. Mining companies are considered to have good prospects in increasing revenues in the future. This research is a development of previous research on firm value. The high interest of investors to invest their share capital in the company cannot be separated from the quality of the company's value. The larger the company in earning profits, the stock price will rise. With the increase in stock prices, it indicates that the value of the company is also getting higher so that there is motivation to conduct research on the effect of profitability, liquidity, dividend policy and company size on the value of mining companies listed on the Indonesia Stock Exchange.

The purpose of this study is to examine and analyze the effect of profitability, liquidity, dividend policy and firm size on firm value. So that this research is not broad and objective, the factors studied in this study are limited to the effect of profitability which will be measured by *return on assets* (ROA) because it is to determine the level of asset use to generate income for the company. Liquidity is measured by the *current ratio* (CR) to determine the company's ability to guarantee current liabilities with current assets. Dividend policy is measured by the *dividend payout ratio* (DPR) because to determine the company's income to shareholders and company size is measured by the *natural logarithm* (LN) of total assets because to determine the size of the company based on total assets.

Signal Theory

Financial statements are the main source of information for investors to find out the company's financial condition. A good financial condition is a positive signal for the market, while a bad financial condition is a negative signal for the market, so this theory is called the signal theory. Signal theory is the action of management to provide clues to investors about the prospects of the entity to provide financial statement information to external parties (Ross, 1997). Signal theory will give a signal in the form of published financial statements and this signal can be a good signal, namely the company's performance has increased from year to year or a bad signal is that the company's performance has decreased from year to year. According to Raningsih & Artini (2018), signal theory explains that companies can provide signals to investors through disclosure of information in the form of financial aspects and non-financial aspects with the aim of increasing firm value. According to Rahayu (2021), signal theory explains how the signals of success or failure from managers in managing the company

are informed to shareholders. Signal theory reflects the relationship between firm size and firm value, the higher the number of investors who invest in the company, the larger the size of the company because it can improve the company's performance in increasing the number of assets. According to Bahri (2022b), signal theory is a management action that conveys information about its prospects to investors, to suppress or even eliminate asymmetry information, namely sending a good signal to external parties, then the information will be assessed and analyzed as a good or bad signal.

Firm Value

Firm value is an investor's perception of the company's success rate which is often associated with stock prices, the higher the company's stock price reflects the better company value (Yanti & Darmayanti, 2019). According to Oktiwiati & Nurhayati (2020), shareholder prosperity can be achieved by increasing company value. The higher the stock price of a company in the capital market, the higher the wealth of the owner of the company which is reflected in the higher value of the company and can convince investors to invest (Raningsih & Artini, 2018). The high value of the company indicates that the company has a good performance in generating income. High profits prove that the company has a fairly good quality in utilizing existing resources within the company. The higher the value of the company, the more trusted investors are to invest their share capital, because they are believed to be able to return the capital that has been given to the company.

Profitability

Profitability is a ratio to measure the level of ability to generate profits or profits and provide a measure of the level of effectiveness of the company's management. Profitability is a financial ratio that can show the company's success in obtaining profits (Susilowati et al., 2019). Profitability is a measure of the company's success in achieving profit. High profits in the financial statements will certainly be a signal that investors will analyze in making decisions in depositing share capital. According to Dewi & Abundanti (2019), the better the company's profitability, the higher the profit earned by the company. The higher the company in generating profits, the company has good performance so that profitability will also be higher. The high value of profitability indicates a good signal and is trusted by investors in investing their share capital. According to Bahri (2022a), a high ratio indicates good performance due to efficiency and effectiveness based on asset management. The high interest of investors makes the stock price rise which will affect the value of the company.

Liquidity

Liquidity is the company's ability to pay short-term obligations. According to Lubis et al. (2017), liquidity is a measure of a company's ability to pay its bills on time when the payment date has arrived on time. According to Sudiani and Darmayanti (2016), a high liquidity value reflects the

company's high ability to meet its short-term obligations. With a high liquidity value, it is believed that the company has a good performance in writing its short-term debt because the company is able to use its current assets optimally. The better in fulfilling obligations, it becomes a positive signal for investors to invest their share capital in the company because it has good funding. The high interest of investors can affect stock prices. The high stock price can affect the high value of the company.

Dividend Policy

Dividend policy can describe the company's financial condition from an investor's point of view. The amount of dividends distributed to shareholders will be an attraction for investors. The distribution of dividends by the company is considered a positive signal for investors to invest because investors prefer a definite return on their investment so that it can attract investors (Kurnia, 2019). Information about dividend policy is very much needed by investors to find out the future prospects of the company. The higher the dividend policy, it is believed that the company has a good performance in generating profits so that it makes investors more confident to invest their share capital. The high stock price can increase the value of the company.

Firm Size

Firm size is a scale to classify the size of the company which can be seen through the amount of equity, sales and total assets of the company (Suwardi & Mustanda, 2017). According to Bahri (2022b), a large size is believed by corporate investors to have good performance and prospects in increasing future profits. Investors' interest is higher in large companies than in small companies, flexibility and high accessibility in funding are influenced by the size of the company, which means large companies are easier and have many opportunities to access the capital market. The larger the size of the company indicates that the company has good funding so that the more trusted investors to invest their share capital.

Based on theoretical studies and previous research, the research framework can be described as follows:

Figure 1. Research Framework
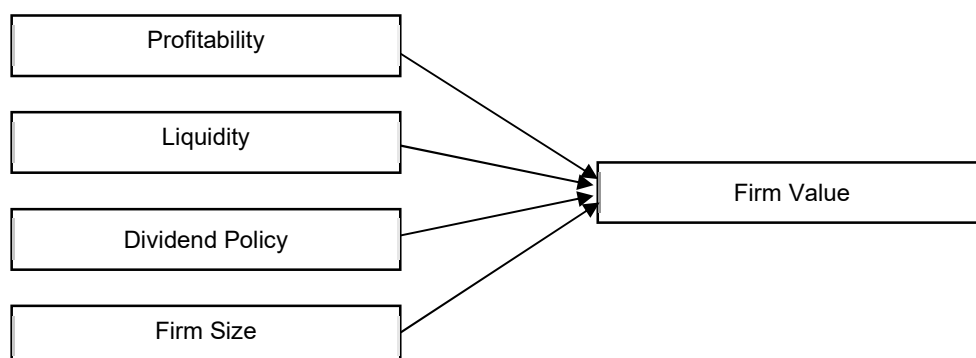
WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

The Effect of Profitability on Firm Value

The company was founded with several objectives, one of which is to make a profit which is the company's short-term goal. The amount of profit obtained can be known from the calculation of the profitability ratio (Arvinda & Heru, 2021). The company's ability to generate profits is a positive signal to the market. The higher the profitability, the more attractive investors are to owning the company's shares because it is considered to be profitable in the future, causing the stock price to rise. Rising stock prices will affect the value of the company. The higher the profitability value, it is believed that the company has a good performance in generating profits. Profitability proxied by ROA has a positive effect on firm value supporting the research results of Dewi & Abundanti (2019), Oktaviarni & Murni (2019), Putra & Lestari (2016), Yanti & Darmayanti (2019), Susilowati et al. (2019), Arvinda & Heru (2021), Raningsih & Artini (2018).

H_1 : Profitability has a positive effect on firm value.

Effect of Liquidity on Firm Value

A high level of liquidity is considered a company that has good prospects for investors in meeting short-term obligations. In addition, it reflects the availability of company funds to carry out company operations and pay dividends. Good liquidity is a positive signal given by the company to investors. Companies that have good liquidity will give a signal that the company has good finances. Liquid companies have total current assets that are greater than total current liabilities. In other words, the company is able to repay its short-term loans and long-term loans that have matured (Farizki et al., 2021). This indicates a healthy financial condition. A healthy financial condition can attract outside parties, especially investors, to invest in the company. Liquidity as proxied by CR has a positive effect on firm value, supporting the results of research by Oktaviarni & Murni (2019), Putra & Lestari (2016), Yanti & Darmayanti (2019).

H_2 : Liquidity has a positive effect on firm value.

The Effect of Dividend Policy on Firm Value

The higher the company's profit, the greater the level of dividends distributed to shareholders. The greater the dividends distributed by the company to investors, the more attractive it is and a positive signal to investors to invest their share capital. Dividend policy can also be considered as one of the company's commitments to distribute a portion of the net profit received to shareholders (Sarif & Suprajitno, 2021). This believes that the company has good prospects in earning profits so that it is directly proportional to the distribution of high dividends. The high interest of investors causes an increase in demand so that stock prices rise. The increase in stock prices will affect the value of the company. The higher the stock price, the higher the value of the company. Dividend policy proxied by the DPR has a positive

effect on firm value, supporting the research results of Hendraliany (2019), Oktaviarni & Murni (2019), Putra & Lestari (2016).

H_3 : Dividend policy has a positive effect on firm value.

The Effect of Firm Size on Firm Value

Company size reflects the company's finances. A large company size illustrates that the company has good performance in the future so that it becomes a positive signal for the market to pay more to get company shares. The bigger the size of the company, the higher the company's profit will be because it is supported by large funding. The size of the company can affect the stock price. The higher the stock price it will affect the value of the company. Firm size proxied by the natural logarithm of total assets has a positive effect on firm value, supporting the results of Farizki et al. (2021), Hendraliany (2019), Kalalo et al. (2020), Putra & Lestari (2016), Yanti & Darmayanti (2019), Sembiring & Trisnawati (2019).

H_4 : Firm size has a positive effect on firm value.

Method

This type of research is a type of correlation/associative research which is causal associative. Associative research is a type of research that aims to determine the relationship or influence between two or more variables (S. Bahri, 2018). This study aims to analyze the existing hypotheses based on the theories that have been formulated and the existing data to be further calculated using a quantitative approach. The population that will be used in this study is the mining sector companies listed on the Indonesia Stock Exchange in the 2017-2021 period. The sampling technique is a non-probability sampling with a purposive sampling technique where this method takes samples using certain criteria with the aim of obtaining an appropriate sample. The criteria applied include:

1. Mining sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period, respectively.
2. Mining sector companies that publish financial reports consistently in the 2017-2021 period.
3. Mining sector companies that publish financial reports for the period 2017-2021 in dollar exchange rates.
4. Mining sector companies that experience profits and provide complete information for the 2017-2021 period.

Based on data from www.idx.co.id and Sahamok.com, the mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period are 47 companies. Companies are selected according to the criteria that have been set as follows:

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Table 1. Sampling Procedure

Keterangan	Jumlah
Mining sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period, respectively.	47
Mining sector companies that issue financial reports inconsistently in the 2017-2021 period.	(16)
Mining sector companies that publish financial reports consistently in the 2017-2021 period.	31
Mining sector companies that publish financial reports for the 2017-2021 period are not denominated in dollars.	(12)
Mining sector companies that publish financial reports for the 2017-2021 period in dollar exchange rates.	19
Mining sector companies that do not experience profits and do not present complete information for the 2017-2021 period.	(11)
Mining sector companies that experience profits and provide complete information for the 2017-2021 period.	8

This study uses company financial statements published by the Indonesia Stock Exchange so that the type of data used is documentary data. The type of documentary data is the type of research data in the form of documents (S. Bahri, 2018). This research is included in the category of quantitative research because it covers the results of each company's financial statements to reveal how much influence or relationship between variables are expressed in numbers.

Sources of research data obtained indirectly and through intermediaries so that it is categorized as secondary data. Secondary data in the form of company documentation, both published and unpublished and obtained by means of documentation techniques (S. Bahri, 2018). The variables tested in this study include the ratio of profitability, liquidity, dividend policy and firm size as independent variables and firm value as the dependent variable. This study aims to determine the effect of the independent variables on the dependent variable in mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. Here's how to calculate the dependent variable as well as the independent variables:

1. Company value, proxied by *price to book value* (PBV), which is the comparison of price per share with book value per share. PBV can be formulated:

$$Price\ to\ Book\ Value = \frac{Price\ per\ Share}{Book\ Value\ per\ Share} \text{..1}$$

2. Profitability, proxied by *return on assets* (ROA), which is the ratio of net income to total assets. ROA can be formulated:

$$Return\ on\ Asset = \frac{Net\ Profit}{Total\ Assets} \text{..2}$$

3. Liquidity, proxied by the *current ratio* (CR), which is the ratio of current assets to current liabilities. CR can be formulated:

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities} \text{..3}$$

4. Dividend policy, proxied by the *dividend payout ratio* (DPR), which is the ratio of dividends per share to earnings per share. DPR can be formulated:

$$Dividend\ Payout\ Ratio = \frac{Dividend\ per\ Sha}{Earnings\ per\ Share} \quad \text{……………………} 4$$

5. The size of the company, proxied by the *natural logarithm* (LN), which is to measure the company's assets in a simple way without changing the proportion of the actual total assets and can be formulated:

$$Size = LN\ (Total\ Assets) \quad \text{……………………} 5$$

Data Analysis Technique

Descriptive Statistics

Descriptive statistics or deductive statistics study the procedures for compiling and presenting data collected in a research (S. Bahri, 2018). Descriptive statistics aims to describe the data under study so that it is clearer and easier to understand as seen from the mean, median, maximum and minimum values and standard deviations, but descriptive statistical tests do not provide a conclusion (Dwiputra & Viriany, 2020).

Classic Assumption Test

Normality Test

The data normality test is a test of the distribution of the data to be analyzed, whether the distribution is under the normal curve or not (S. Bahri, 2018). The statistical test for residual normality is *the Kolmogorov-Smirnov One-Sample non-parametric statistical test*. *One-Sample Kolmogorov-Smirnov test* to determine whether the data distribution follows a normal, Poisson, uniform, or exponential distribution. The residual is normally distributed if the significance value is more than 0.05.

Multicollinearity Test

The multicollinearity test aims to test whether in the regression model there is a correlation between the independent (independent) variables. A good regression model should not have a perfect or near perfect correlation between the independent variables (S. Bahri, 2018). If the value of VIF < 10, then there is no multicollinearity and if the value of VIF> 10, then there is multicollinearity.

Autocorrelation Test

Autocorrelation is a correlation between observation members arranged according to time and place. The autocorrelation test aims to test whether a linear regression model has a correlation between the residual error in period t and an error in period t-1 (Janie, 2012). The decision to test the auto correlation is taken if the significance is < 0.05 then there is an autocorrelation and if the significance value is > 0.05 then there is no autocorrelation (S. Bahri, 2018).

WHAT ROLE DOES EMOTIONAL BURNOUT PLAY IN THE PROGRESS OF WORKING STUDENTS' PROFESSIONAL FUTURES?

Multiple Regression Analysis

Multiple regression analysis is an analysis that connects two or more independent variables with the dependent variable. The purpose of multiple regression analysis is to measure the intensity of the relationship between two or more variables. The research variables consist of dependent variables (Y) and independent variables (X). The dependent variable consists of one variable, namely firm value proxied by *price to book value* (PBV) and independent variables consisting of profitability proxied by *return on assets* (ROA), liquidity proxied by *current ratio* (CR), dividend policy proxied with the *dividend payout ratio* (DPR) and the size of the company proxied by the *natural logarithm* (LN) of total assets. From these variables, an analysis of the influence of the X variable on the Y variable will be examined in the regression analysis. This model assumes that there is a straight line or linear relationship between the dependent variable and each predictor.

Coefficient of Determination Test (R^2)

The determinant coefficient (R^2) is used to measure the model's ability to explain the variation of the independent variable to the dependent variable or it can also be said as the proportion of the influence of all independent variables on the dependent variable (S. Bahri, 2018). The determinant coefficient is a tool to measure how far the model's ability to explain the variation of the dependent variable. The value of the determinant coefficient can be measured by the value of *R-Square* or *Adjusted R-Square*. *R-Square* is used when there is only 1 independent variable (Simple Linear Regression) while *Adjusted R-Square* is used when there is more than one independent variable (multiple linear regression). The value of the determinant coefficient ranges from zero to one. The value of R^2 that is close to one means that the independent variable provides almost all the information needed to predict the variation of the dependent variable and the model is getting faster.

Hypothesis Test

To find out whether there is an effect of the independent variable on the dependent variable, it is necessary to test the hypothesis consisting of the t test (partial significance test). Partial test is used to determine the effect of each independent variable on the dependent variable. According to S. Bahri (2018), the t-test test was carried out at a significant level of 0.05 as follows:

a. If the significance level > 0.05 then H1 is rejected, meaning that the independent variables individually have no effect on the dependent variable.
b. If the significance level ≤ 0.05, then H1 is accepted, meaning that the independent variable individually has a significant effect on the dependent variable.

Result

Descriptive Statistics

Based on table 2, the minimum value of profitability is 0.025, the maximum value is 0.520, with an average value of 0.16430 and a standard deviation of 0.126470. the minimum value of liquidity is 0.894, the maximum value is 10.074, with an average value of 2.62453 and a standard deviation of 2.096119. The minimum value of the dividend policy is 0.036, the maximum value is 1.712, with an average value of 0.61793 and a standard deviation of 0.421972. The minimum value of the company size is 18,551, the maximum value is 22,750, with an average value of 20,34797 and a standard deviation of 1,71369. The minimum value of the company value is 0.002, the maximum value is 6.016, with an average value of 0.93553 and a standard deviation of 1.212512. The value of N shows the number of samples during the last five years in mining companies as many as 39 samples.

Table 2. Descriptive Statistics

		Profitability	Liquidity	Dividend Policy	Company Size	Value of the Company
N	Valid	39	39	39	39	39
	Missing	0	0	0	0	0
Mean		,16430	2,62453	,61793	20,34797	,93553
Std. Error of Mean		,020251	,335648	,067570	,187569	,194157
Median		,12134	1,96008	,58210	20,09354	,66420
Std. Deviation		,126470	2,096119	,421972	1,171369	1,212512
Minimum		,025	,894	,036	18,551	,002
Maximum		,520	10,074	1,712	22,750	6,016

Source: Data processed, 2022

Classic Assumption

Normality Test

Based on the results of the normality test, *the Kolmogorov-Smirnov* value is 0.131 with a significance level of 0.091 so 0.091 > 0.05, the data is normally distributed.

Table 3. Normality Test

		Unstandardized Residual
N		39
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	1,14203409
Most Extreme Differences	Absolute	,131
	Positive	,131
	Negative	-,118
Test Statistic		,131
Asymp. Sig. (2-tailed)		,091[c]

Source: Data processed, 2022

Multicollinearity Test

Based on the results of the multicollinearity test with the value of *the variance inflation factor* (VIF). Based on the results of the multicollinearity test, the profitability VIF value is 1.078, liquidity is 1.171, dividend policy is 1.151, and company size is 1.136. The four VIF values < 10 or no independent variable that has a VIF value > 10 so that there is no multicollinearity.

Table 4. Multicollinearity Test

	Collinearity Statistics	
Model	Tolerance	VIF
Profitability	,928	1,078
Liquidity	,854	1,171
Dividend Policy	,869	1,151
Company Size	,880	1,136

Autocorrelation Test

Based on table 5, the results of the *run test* show a test value of 0.02540 and a sig. 0.250 > 0.05 so there is no autocorrelation.

Table 5. Autocorrelation Test

	Unstandardized Residual
Test Value[a]	,02540
Cases < Test Value	19
Cases >= Test Value	19
Total Cases	38
Number of Runs	24
Z	1,151
Asymp. Sig. (2-tailed)	,250

Source: Data processed, 2022

Coefficient of Determination Test (R^2)

The results of the determination coefficient test show that the *Adjusted R Square* value is 0.009, meaning that profitability, liquidity, dividend policy and firm size affect the firm value by 0.9%, while other variables outside the model are influenced by 99.1%.

Table 6. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,336ᵃ	,113	,009	1,207345	2,387

Source: Data processed, 2022

Hypothesis Test

Based on the results of multiple linear regression analysis, the regression equation in this study was obtained as follows:

Firm Value = 0.357 + 2.990 Profitability – 0.030 Liquidity – 0.168 Dividend Policy + 0.013 Firm Size.

Table 7. Multiple Linear Regression Analysis Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,357	3,861		,093	,927
	Profitability	2,990	1,608	,312	1,860	,072
	Liquidity	-,030	,101	-,051	-,292	,772
	Dividend Policy	-,168	,498	-,058	-,337	,738
	Firm Size	,013	,178	,013	,074	,941

The significance value = 0.05, the number of observations (n) = 39, and the variables found are k = 5 so that the degrees of freedom (df) = n - k means 39 - 5 = 34. The t table value is 2.032. The results of the t test for the profitability variable are 1.860, the significance is 0.072, the t table value is 2.032 and the coefficient value is 2.990. This value proves that 1.860 < 2.032 and sig 0.072 > 0.05 then H1 is rejected, meaning that profitability has no effect on firm value. The results of the t test for the liquidity variable are 0.292, the significance is 0.772, the t table value is 2.032 and the coefficient value is 0.030. This value proves that 0.292 < 2.032 and sig 0.772 > 0.05 then H1 is rejected, meaning that liquidity has no effect on firm value. The results of the t-test for the dividend policy variable are 0.337, the significance is 0.738, the t-table value is 2.032 and the coefficient value is 0.168. This value proves that 0.337 < 2.032 and sig. 0.738 > 0.05 then H1 is rejected, meaning that dividend policy has no effect on firm value. The results of the t test for the firm size variable are 0.074, the significance is 0.941, the t table value is 2.032 and the coefficient value is 0.013. This value proves that 0.074 < 2.032 and sig. 0.941 > 0.05 then H1 is rejected, meaning that the size of the company has no effect on the value of the company.

Discussion

The Effect of Profitability on Firm Value

The results of hypothesis testing or t-test, prove that profitability has no effect and is not significant on firm value. This shows that the company cannot utilize its assets effectively and

efficiently to obtain high profits in increasing the value of a company. The company is considered unable to maintain the profits earned from year to year so it cannot be a positive signal for investors. The financial statements which are the main signal in knowing the company's information to attract investors will be analyzed because the company tends to fluctuate in earning profits, thus creating doubts for investors to invest their share capital. With this it can be concluded that high profitability does not guarantee high firm value and vice versa. The results of the study support the findings of Robiyanto et al. (2020), Sondakh et al. (2019), Thaharah & Asyik (2016), Aini & Cholid (2020) that profitability has no effect on firm value.

Effect of Liquidity on Firm Value

The results of hypothesis testing or t-test, prove that liquidity has no effect and is not significant on firm value. This shows that high liquidity indicates that there are idle funds in the company, while a low liquidity ratio is also not good because it proves that the company lacks funds to pay off current debt. Low liquidity will also affect the company in generating profits. Investors are also less interested in the liquidity ratio because it involves the company's internal financial condition. With this, it can be proven that the high level of liquidity is not directly proportional to the high value of the company and should not be. The results of the study support the findings of Dewi & Abundanti (2019), Jayanti (2018), Lusia (2017), Zujeny et al. (2020) that liquidity has no effect on firm value.

The Effect of Dividend Policy on Firm Value

The results of hypothesis testing or t-test, prove that dividend policy has no effect and is not significant on firm value. The size of the dividends distributed to shareholders cannot affect the high and low value of the company. The dividend policy of a company is not a good signal for investors to illustrate that the company's condition is in good condition. In fact, investors prefer capital gains compared to dividends. The high value of the company does not depend on the amount of dividends distributed to shareholders and the amount of retained earnings, so it can be proven that a high dividend policy does not guarantee that the value of the company can increase directly. The results of the study support the findings of Sembiring & Trisnawati (2019), Midu et al. (2021), Jenali & Amanah (2019) that dividend policy has no effect on firm value.

The Effect of Firm Size on Firm Value

The results of hypothesis testing or t-test, prove that firm size has no effect and is not significant to firm value. The size of a company size does not affect the high and low value of the company. The size of the company is not a guarantee that the company cannot perform well in generating profits. The size of the company describes the size of the company that can be seen based on the size of the amount of capital the company uses, the total assets the company owns, and the total sales the company earns. The results of the study of company size do not affect the value of the company so that it does not affect investors to invest their

share capital. The results of the study support the findings of Bahriah et al. (2017), L. A. Dewi & Praptoyo (2019) that firm size has no effect on firm value.

Conclusion

Based on the results of data analysis and discussions conducted on mining sector companies listed on the Indonesia Stock Exchange in 2017-2021, it can be concluded as follows: Profitability, liquidity, dividend policy and company size have no effect on firm value. This research can be a reference and add insight for investors who will invest their share capital in the company so that they can find out more clearly the problems related to investment. For further research, it is better to expand the research population not only to companies in the mining sector. Using the latest data and extending the research period will get more accurate research results and can expand knowledge for investors. To find out more types of factors that can affect firm value, further research should add independent variables such as solvency, capital structure, investment decisions, financial performance and other factors.

Reference

Aini, N., & Cholid, I. 2020. "The effect of financial performance on firm value in insurance companies listed on the Indonesia Stock Exchange (IDX)". *Borneo Student Research*, *1*(3): 1287–1293.

Arvinda, KK, & Heru, S. 2021. "The Influence of Capital Structure, Profitability, and Dividend Policy on Property and Real Estate Company Values in the 2013 – 2019 Period". *Journal of Management Science and Research*, *10*: 1–18.

Azizah, D. G., & Widyawati, D. 2021. "The Effect of Financial Performance and Firm Size on Firm Value in Food and Beverages Companies on the IDX". *Journal of Accounting Science And Research*, *10*(1): 1–18.

Bahri, S. 2018. *Research Methodology* (E. Risanto (ed.); I). Andi.

Bahri, Syaiful. 2022. "The Effect of Murabahah, Mudharabah, and Musyarakah Financing on Profitability". *JAS (Journal of Sharia Accounting)*, *6*(1): 15–27. https://doi.org/10.46367/jas.v6i1.502.

Bahri, Syaiful. 2022. "Profitability, Liquidity, and Firm Size Determinants of Firm Value". *MDP STUDENT CONFERENCE (MSC) 2022*, 212–216.

Bahriah, I. S., Norisanti, N., & Danial, R. D. M. 2017. "The Effect of Capital Structure and Profitability on Company Value in the Food and Beverage Sector Listed on the Indonesia Stock Exchange in 2017-2019". *Journal of Economics, Business and Accounting*, *4*: 1–14.

Dewi, L. A., & Praptoyo, S. 2019. "The Effect of Firm Size, Profitability, and Leverage on Firm Value". *Journal of Accounting Science and Research*, *8*: 1–17.

Dewi, L. S., & Abundanti, N. 2019. "The Effect of Profitability, Liquidity, Institutional Ownership and Managerial Ownership on Firm Value". *E-Journal of Management*, *8*(10): 6099–

6118. https://doi.org/https://doi.org/10.24843/EJMUNUD.2019.v08.i10.p12.

Dwiputra, T., & Viriany. 2020. "Effect of Profitability, Liquidity, Leverage, Firm Size and Dividend Policy on Firm Value". *Journal of Multiparadigm Accounting Tarumanagara*, *2*: 982–990.

Farizki, FI, Suhendro, S., & Masitoh, E. 2021. "Effect of Profitability, Leverage, Liquidity, Firm Size and Asset Structure on Firm Value". *Economics: Journal of Economics and Business*, *5*(1): 17. https://doi.org/10.33087/ Ekonomis.v5i1.273.

Hendraliany, S. 2019. "The Effect of Profitability, Company Size, Company Growth, Dividend Policy and Investment Decisions on Company Value (Empirical Study on Property and Real Estate Companies Listed on the Indonesia Stock Exchange 2013-2017 Period". *Journal of Economics and Management*, *8*(1): 47–58.

Indrayani, N. kadeki, Endiana, IDM, & Pramesti, IGAA 2022. "Effect of Firm Size, Profitability, Dividend Policy, Leverage and Liquidity on Firm Value". *Journal of Kharisma*, *11*(1): 1. https://doi.org/10.24114/niaga.v11i1.28449.

Irawan, D., & Kusuma, N. 2019. "Effect of Capital Structure and Firm Size on Firm Value". *STIE Trisna Negara Actual Journal*, *17*(1): 66–81. https://doi.org/10.47232/aktual.v17i1.34.

Janie, DNA. 2012. *Descriptive statistics & multiple linear regression with SPSS* (A. Dr. Hj. Ardiani Ika S., SE, MM (ed.)). Semarang: University Press.

Jayanti, FD. 2018. "The Effect of Profitability, Capital Structure, Liquidity and Firm Size on Firm Value". *Journal of Economic Frames*, *3*(2): 34–44.

Jenali, S. D. E., & Amanah, La. 2019. "Debt Policy, Dividend Policy, Profitability and Free Cash Flow on Company Value". *Journal of Accounting Science And Research*, *8*(1): 1–16.

Kalalo, M. C. Y., VSaerang, I. S., & Maramis, J. B 2020. "The Effect of Firm Size and Profitability on Capital Structure and Value of Plastic and Packaging Companies Listed in BEI Period 2013-2017". *Journal of EMBA: Journal of Economic Research, Management, Business and Accounting*, *8*(4): 467–474. https://doi.org/10.35794/emba.v8i4.30861.

Komala, P. S., Endiana, I. D. M., Kumalasari, P. D., & Rahindayati, N. M. 2021. "The Effect of Profitability, Solvency, Liquidity, Investment Decisions and Funding Decisions on Firm Value". *KARMA (Accounting Student Research Work)*, *1*(1): 40–50.

Kurnia, D. 2019. "The Effect of Profitability, Dividend Policy and Stock Prices on Company Value". *Journal of Accounting: Scientific Study of Accounting (JAK)*, *6*(2): 178. https://doi.org/10.30656/jak.v6i2.1433.

Kurniawan, M. Z 2020. "Analysis of Investment Decisions, Funding Decisions, and Dividend Policy on Company Value Lq-45 Index". *Ekonika: Journal of Economics, Kadiri University*, *5*(1): 113. https://doi.org/10.30737/ekonika.v5i1.847.

Laksono, B. S., & Rahayu, Y. 2021. "The Effect of Profitability, Investment Decision, and Firm Size on Firm Value". *Journal of Accounting Science And Research*, *10*(1):, 1–17.

Lubis, I. L., Sinaga, BM, & Sasongko, H. 2017. "The effect of profitability, capital structure, and liquidity on firm value". *Journal of Business and Management Applications*, *3*(3): 458–465.

Lusia, B. 2017. "The Effect of Profitability (ROE), Liquidity (CR) and Solvency (DER) on Firm Value (PBV) in Manufacturing Sector Companies Listed on the Indonesia Stock Exchange". *Journal of FinAcc*, *2*(1): 169–180.

Midu, S., Machmud, R., & Ishak, IM 2021. "The Effect of Dividend Policy and Firm Size on Company Value in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Stock Exchange Indonesian Company Value 2015 – 2018". *Journal of Accounting and Business Krisnadwipayana*, *8*(3): 125–134. https://doi.org/10.35137/jabk.v8i3.593.

Muslichah, & Bahri, S. 2021. *Management Accounting Theory and Applications* (First). Media Discourse Partner Publisher. Retrieved (http://www.mitrawacanamedia.com)

Oktaviarni, F., & Murni, Y. 2019. "The Effect of Profitability, Liquidity, Leverage, Dividend Policy and Company Size on Firm Value (Empirical Study of Real Estate, Property, and Building Construction Companies Listed on the Indonesia Stock Exchange 2014-2016)". *Journal of Accounting*, *9*(1).

Oktiwiati, E. Dela, & Nurhayati, M. 2020. "The Effect of Profitability, Capital Structure, and Investment Decisions on Company Value (In the Pharmaceutical Sector Listed on the Indonesia Stock Exchange 2013-2017)". *Scientific Journal of Management*, *10*(2): 196–209. https://doi.org/10.22441/mix.2020.v10i2004.

Putra, A. N. D. A., & Lestari, PV. 2016. "Effect of Dividend Policy, Liquidity, Profitability and Firm Size on Firm Value". *E-Journal of Unud Management*, *5*(7): 4044–4070.

Rahayu, DS. 2021. "Effect of Intellectual Capital and Dividend Policy on Firm Value". *Business Innovation & Entrepreneurship Journal*, *3*(1): 8–15.

Raningsih, N. K., & Artini, LGS, 2018. "The Effect of Profitability on Firm Value With Corporate Social Responsibility as Moderating Variable". *E-Jurnal of Economics and Business, Udayana University*, *6*(2): 1997. https://doi.org/10.24843/eeb.2018.v07.i08.p03.

Robiyanto, Nafiah, I., Harijono, H., & Inggarwati, K. 2020. "The Effect of Profitability on the Value of Hospitality and Tourism Companies with Capital Structure as an Intervening Variable". *Scientific Journal of Asian Business and Economics*, *14*(1): 46–57. https://doi.org/10.32812/jibeka.v14i1.153.

Ross, S. A. 1997. "The Determination of Financial Structure: The Incentive-Signalling Approach". *The Bell Journal of Economics*, *8*(1): 23–40. https://doi.org/10.2307/3003485.

Sari, D. K., & Wahidahwati. 2021. "The Effect of Sustainability Report Disclosure, Company Size, Profitability, and Leverage on Firm Value". *Journal of Accounting Science And Research*, *10*(4): 1–19.

Sari, M., & Jufrizen. 2019. "Effect of Price To Earning Ratio, Debt To Equity Ratio, Return on Assets and Price To Book Value". *KRISNA Journal: Accounting Research Collection*, *10*(2): 196–203.

Sarif, U., & Suprajitno, D. 2021. "The Influence of Investment Decisions, Funding Decisions and Profitability on Firm Value with Dividend Policy as an Intervening Variable". *Scientific*

Journal of Management, Business and Accounting Students (JIMMBA), *3*(2): 239–250. https://doi.org/10.32639/jimmba.v3i2.782.

Sembiring, S., & Trisnawati, I. 2019. "Factors Affecting Company Value". *Journal of Business And Accounting*, *21*(1): 173–184.

Setiawan, K., Novitasari, NLG, & Widhiastuti, NLP 2021. "The Influence of Firm Size on Firm Value with Corporate Social Responsibility as a moderating variable". *Journal of Charisma*, *3*(1): 302–312.

Sondakh, P., Saeran, I., & Samadi, R. 2019. "The Effect of Capital Structure (ROA, ROE and DER) on Firm Value (PBV) in Property Companies Listed on the IDX (2013-2016 Period)". *EMBA Journal: Journal of Economic Research, Management, Business And Accounting*, *7*(3): 3079–3088.

Sudiani and Darmayanti. 2016. "Effect of Profitability, Liquidity, Growth, and Investment Opportunity Set on Firm Value". *E-Jurnal of Unud Management*, *5*: 4545–4574.

Susilowati, D., Saiful Bahri, HM, Vidiyastutik, ED, & Amani, T. 2019. "The Effect of Financial Performance, Capital Structure and Company Size on Company Value in Pharmaceutical Companies Listed on the IDX in 2013-2017". *Assets: Scientific Journal of Accounting, Finance and Tax*, *3*(2): 86–92. https://doi.org/10.30741/assets.v3i2.444.

Suwardi, I. N. A., & Mustanda, IK. 2017. "The Effect of Leverage, Company Size, Company Growth and Profitability on Firm Value in Industrial Companies. *Unud Management E-Journal, 6*(3): 1248–1277.

Thaharah, N., & Asyik, NF 2016. "The Effect of Corporate Governance Mechanisms and Financial Performance on Firm Value LQ 45". *Journal of Accounting Science and Research*, *5*(2): 1–18.

Yanti, I. G. A. D., & Darmayanti, NPA. 2019. "The Effect of Profitability, Company Size, Capital Structure and Liquidity on the Value of Food and Beverage Companies". *E-Journal of Management*, *8*(4): 2297–2324. https://doi.org/10.24843/EJMUNUD.2019.v8.i4.p15.

Zujeny, K. F., Andriyani, I., Zanariah, M., & Nargis, L. 2020. "The Effect of Liquidity, Leverage, and Profitability on Firm Value in Cement Manufacturing Sector Companies on the Indonesia Stock Exchange for the 2016-2020 Period". *Journal of Business And Accounting*

THE EFFECT OF POPULATION GROWTH, FOREIGN INVESTMENT, EDUCATION AND HUMAN QUALITY ON THE SUSTAINABLE DEVELOPMENT INDEX IN INDONESIA

Lusi Diana
Universitas Trisakti, Indonesia

Nurhayati
Universitas Trisakti, Indonesia

Email Correspondence: nurhayati@trisakti.ac.id

	ABSTRACT
DOI: **ISBN:**	This study aimed to investigate the effect of moderating in relation of organisational culture, Comprehensive management control system and corporate governance in Indonesia. The respondents were 758 companies listed in the Indonesia Stock Exchange. Collecting data using sampling method of 188 respondents returned a complete used in data analysis. Analysis of data using Structural Equation Model (SEM) with the help of WarpPLS 3.0. The theory used in this research is the organizational culture consept by (Hofstede 1980) The results show that the moderating effect of the relation comprehensive management control system and good corporate governance in Indonesia is significant and indicates as a Homologiser Moderator.

Introduction

Sustainable development is a concept of the development process with the principle of meeting the needs of the present but not compromising the needs of future generations. Sustainable development as a priority concept for countries in the world, including national development in Indonesia, has targets for the Sustainable Development Goals (TPB). During the administration of President Joko Widodo, these targets became the reference for the national development agenda in Indonesia, which were listed in NAWACITA. These targets are aligned with the 2015-2019 and 2020-2024 medium-term development plans (RPJMN) in the form of measurable activities and programs along with cost indications to support these programs.

Sustainable Development has the aim of increasing quality economic, social, environmental welfare, inclusive development, and the implementation of a structuring or management system that is able to maintain and improve the quality of life between generations of a community system (Bappenas, 2020). These objectives are organized into four dimensions, namely economic, social, environmental and institutional dimensions. In carrying out these objectives, a synergy of planning policies is needed, starting at the district or city level, province, to the national level.

Indonesia as a pluralistic country has become an interesting study country related to its sustainable development index where with Indonesia which has a large area, there will be a tendency for uneven development to occur due to the tendency to concentrate development around the capital city area. Therefore, this study aims to analyze the factors that influence sustainable development which includes four dimensions in 34 provinces in Indonesia and to evaluate which variables affect sustainable development on each island in Indonesia.

LITERATURE REVIEW
This research uses four pillars in forming the Sustainable Development Index. The Sustainable Development Index is carried out by optimizing the use value of natural resources and human resources in the development process.

The Effect of Population Growth on the Sustainable Development Index
The first variable used to see the effect is the Total Population. According to the United Nations (2022) since the mid-twentieth century, the world's population has more than tripled, reaching nearly 8 billion people by 2022. Projections by the United Nations suggest that the global population size could grow to nearly 11 billion by around 2100. Rapid population increase could exacerbate the challenges of ensuring that future development is sustainable and inclusive. According Akhirul et al. (2020) rapid population growth will have serious consequences for the balance of natural resources. Some economists consider the complex population as an obstacle in the development process. According to Ehrlicch and Holdren

(1971) population size and growth is a problem related to the use and depletion of resources and environmental degradation collectively and globally.

R. Becker & Barro (1998) support the theory of Malthus which regards population as a threat to development. This assumption is due to the assumption that if it is not fixed and does not vary in economic resources, sources of technical progress are not available, population growth is too fast so that it becomes pressure for food production to be unfulfilled. As a result, part of the investment will be used to meet the increasing needs of the population. Developing countries are where most of the growth takes place. According to Mulyadi (2003) the high rate of population growth and occurring in developing countries such as Indonesia is an obstacle to the process of a development. Therefore, population and development are two entities and cannot be separated. Where development is not possible without the population, as well as the welfare of the population is impossible to achieve without a development. A productive and consumptive population is the trigger of a development, but if the population is uncontrolled and the consumptive population is more than the productive population, then it can be said that the population is an obstacle to a development.

Based on the topics that have been described, a hypothesis can be formulated for the influence of population on sustainable development as follows:
H_1: There is a negative influence between population on sustainable development in Indonesia.

The Effect of Foreign Investment on the Sustainable Development Index The
role of capital owned by a country is the emphasis of the development of the Neo-classical theory of economic growth. Capital sourced both from within and from abroad will help become an economic driver for a country. Investment is considered as a driver of economic growth to the creation and enhancement of development in a country. The rapid development of economic growth in Indonesia is related to the growth of the main investment factor, namely the formation of foreign capital (Yesika, 2015). According to Thomas (2015) investment is a key that can contribute well to economic growth. This is because investment is able to increase job opportunities so that it leads to the creation of welfare for the community. Sarwedi (2002) in his research also states that foreign investment is even more important for the sustainability of the development process when compared to the flow of aid or portfolio capital. This happens because with the investment, there will be a transfer of technology, knowledge, management skills, the risk of a company is relatively small and more *profitable*.

Shoaib and Limam (2015) also argue about the important role of foreign investment in sustainable development because it provides benefits in creating a more prosperous economy. Investment is a resource that has the ability to create to increase the capacity of the production system so that it can affect future income. Increasing the availability of funds for investment recipient countries is a positive impact of foreign investment (Athukorala, 2003).

THE EFFECT OF POPULATION GROWTH, FOREIGN INVESTMENT, EDUCATION AND HUMAN QUALITY ON THE SUSTAINABLE DEVELOPMENT INDEX IN INDONESIA

With this position, it can be concluded that foreign capital investment is an opening step in a development process.

Based on the explanations of several experts above, the authors formulate a hypothesis for the influence of the human development index on sustainable development as follows:

H₂: There is a positive influence between foreign investment on sustainable development in Indonesia.

The Effect of Education on the Sustainable Development Index

Citra (2014) states that education is the main capital in the implementation of a sustainable development concept. According to Priyanto, et al. (2013) education is a means of changing human views, attitudes and actions that are achieved through the educational process to create sustainable development. The United Nations General Assembly at its 57th session in 2002 declared the time span for 2005-2014 as the Decade of Education for Sustainable Development (DESD). This decade was guided by UNESCO as an effort for UNESCO to be able to give its main role in the development of quality standards of education for development with a sustainable concept (Kemdiknas, 2010a).

This discourse received a positive response from Indonesia which was called the Decade of Education for Sustainable Development (DESD). Furthermore, the Ministry of National Education has placed education as one aspect of sustainable development (*Education for Sustainable Development*) where humans pay attention to intergenerational needs (intergenerational sustainability). Education will bring up values, critical understanding, and good interventions on environmental sustainability in the development process. The education sector also plays a complex role in the formation of a developing country in relation to the ability to absorb technological modernization and the development of production quantities in order to realize sustainable growth and development (Todaro, 2006).

Based on the literature review that has been submitted, the hypothesis formulated for the effect of education on sustainable development is as follows:

H₃: There is a positive influence between education on sustainable development in Indonesia.

The Influence of the Quality of Human Development on the Sustainable Development Index

The last indicator used in the sustainable development index is the human development index. According to Sasmita et al. (2021) a high chance of achieving sustainable development goals will be realized if you have high quality human resources and have insight into the environment and sustainable development. This will be reflected evenly through the sustainable development index. According to Yixin Zhangs and Zhijie Wuc (2022) the Human Development Index (HDI) is a widely adopted indicator to measure sustainable development in the socio-economic and environmental fields.

THE EFFECT OF POPULATION GROWTH, FOREIGN INVESTMENT, EDUCATION AND HUMAN QUALITY ON THE SUSTAINABLE DEVELOPMENT INDEX IN INDONESIA

According to the United Nations Development Program (UNDP), the Human Development Index is a benchmark for the level of welfare of a region and even a country. This index is measured based on dimensions such as life expectancy, literacy rate, average length of schooling, and purchasing power. The dimensions of these indicators affect each other such as the number of job opportunities which are influenced and determined by economic growth, the availability of infrastructure and the effectiveness of government policies so that the human development index will increase. These variables will affect the value of the human development index, which indicates the success or failure of the economic development of a country. Where the higher the value of the human development index indicates the success of development in the country.

According to Suriadi (2019), the Human Development Index plays an important role because good human development will be able to maximize production factors in modern economic development.

Based on the explanations of several experts above, the authors formulate a hypothesis for the effect of the human development index on sustainable development as follows:
H_4: *There is a positive influence between the human development index on sustainable development in Indonesia.*

Method

The indicator in describing the achievement of public welfare in general is the population index (Fauzi and Oktavianus, 2014). The foreign investment index is one of the keys in creating economic growth (Wiagustini, et al. (2017). The education index is one of the important investments in the development process (Umi Rahayu, 2014). The Development Index is a widely adopted indicator to measure the status of development (Umi Rahayu, 2014). Strezov, et al., 2017).In the Sustainable Development Index, indicators are more comprehensive both from a socio-economic and environmental point of view, and governance is formed in a composite.This

research was conducted with a quantitative approach to test and analyze the influence of the Population Index, Plantation Foreign Capital, Education, and Human Development on IPB in 34 provinces in Indonesia and each island in Indonesia, in order to identify variables that require special strengthening of IPB in each island in Indonesia.In

this study using panel data, data for independent variables includes population growth data , realization of foreign investment investment, education allocation funds, human development index, while the sustainable development index data uses per capita GRDP growth data based on constant 2000 prices, the percentage of households that have access to adequate and sustainable drinking water sources, data on the percentage of total population living below the national poverty line, and Indonesia's democracy index during the 2015-2020 period. The

data was obtained through the publication of the Central Statistics Agency. The analysis phase includes the collection of panel data in an aggregated manner in 34 provinces, and the selection of a regression method for the panel data.

The following is the equation used in this study

$$IPB_{it} = {}_0 + {}_1 Population_{it} + {}_2 PMA_{it} + {}_3 Educ_{it} + {}_4 IPM_{it} + {}_{it} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 1$$

Where 0 is a constant/intercept, is the error value, *i* represents province, and *t* is the year, and from 1-4 as the coefficient of each independent variable.

Variables	Measurement	Scale
Population	Quantitative	Ratio
Foreign Investment	Quantitative	Ratio
Education	Quantitative	Ratio
Human Development Index	Quantitative	Ratio
Sustainable Development Index	Quantitative	This

Result

Study aims to examine the effect of population, foreign investment, education, and HDI on IPB on an aggregated basis in 34 provinces in Indonesia and further analysis is carried out per island in Indonesia. The results of panel data testing with multiple linear regression analysis obtained the estimation results as shown in table 1 below:

Tabel 1 Uji Pemilihan Model

	Chow Test		Hausman Test		LM Test		
Model	Cross-section Chi-square	Pro Chi-square	Cross-section random	Prob Chi-square	Breusch-Pagan Stat	Prob Both	Keputusan
Agregrat	236.256930	0.0000	4.190634	0.3808	213.2696	0.0000	REM
Sumatera	60.972686	0.0000	4.641394	0.3261	39.44915	0.0000	REM
Jawa	9.125498	0.1042	3.138258	0.5350	12.93198	0.0003	REM
Bali-Nusa Tenggara	5.774317	0.0557	0.966367	0.9149	0.247936	0.6185	CEM
Kalimantan	16.322226	0.0026	15.183262	0.0043	5.608449	0.0179	FEM
Sulawesi	5.738189	0.3325	0.898127	0.9248	8.933277	0.0028	REM
Maluku-Papua	26.774001	0.0000	0.000000	1.0000	2.514205	0.1128	REM

Sumber: Data diolah, 2022 (Excell & Eview's 9.0)

Based on the model selection test in table 1, the *Chow Test* at an early stage for testing both aggregated and individual islands in Indonesia. The results of the aggregate processing show that the probability value of chi square is 0.0000 where the value is less than 5% alpha, the model chosen is the *fixed effect model*. Furthermore, the *Hausman* produce a probability value of 0.3808 which was greater than 0.05, so the next model that was accepted was the *random effect model*. The last test was conducted to determine which estimate is the best and based

on a probability of 0.0000, it can be concluded that the model used is a *random effect model* for testing in an aggregated manner.

Testing for each island of Indonesia, for Sumatra Island and Maluku Island, Papua, in the first stage of testing, the selected model is the *fixed effect model* with the prob of *the chi square cross-section of* both 0.0000 < 0.05. The next test, the probabilities are 0.3261 and 1.0000 respectively, which are greater than 5% significance, so that the next model chosen is the *random effect model.* For the island of Sumatra, proceed to the LM test, which produces a value of 0.0000 <0.05, meaning that the model to be selected is a *random effect model.*

Table 1 shows that in the first test for the island of Kalimantan, the probability of the *chi square cross-section value was 0.0026* model was selected *fixed effect* and for further testing the probability was 0.0043. So that consistently the best model for Kalimantan Island is the *fixed effect.*

For model testing in Java and Sulawesi, the probability of *the chi-square cross-section* is 0.1042 and 0.3325 > 0.05, so that the first model chosen is *the common effect model.* Based on this decision, the test was continued with the LM test which resulted in the probability-both magnitude of the *Breusch Pagan-Stat* 0.0003 and 0.0028 <0.05, so the model chosen from this test was the *random effect model*. The inconsistent results indicate that the last stage of testing is required, namely the Hausman test and *the cross-section* with values respectively 0.5350 and 0.9248. Then the last model chosen is the *random effect.*

Based on the results of data processing to estimate the Bali-Nusa Tenggara Island model, the selected Chow test is the *common effect model* which is determined based on the probability of 0.0557>0.05. Further testing, namely the LM probability test, is 0.0003 <0.05, so consistently, the model chosen for the Bali-Nusa Tenggara island model selection test is the *common effect model.*

Variabel	Teori	Aggregat (REM)		Sumatera (REM)		Jawa (REM)		Bali-Nusa Tenggara (CEM)		Kalimantan (FEM)		Sulawesi (REM)		Maluku-Papua (REM)	
		Beta	Prob (2 Tail)	Beta	Prob (2 Tail)	Beta	Prob (2 Tail)	Beta	Prob (2 Tail)	Beta	Prob (2 Tail)	Beta	Prob (2 Tail)	Beta	Prob (2 Tail)
Konstanta		-93.2715	0.0002	-228.8543	0.0003	-137.1616	0.0038	-37.2578	0.5691	-94.0249	0.3661	22.8643	0.6431	-203.7555	0.0233
POP	-	-7.5738	0.0001	-7.6121	0.0224	-4.6881	0.0365	-26.4760	0.1911	-1.8376	0.7271	9.7444	0.0185	-6.5605	0.3034
PMA	+	3.1124	0.0213	3.3258	0.0676	4.0015	0.0983	7.5985	0.2265	-1.9646	0.6424	4.8254	0.0132	6.7711	0.0040
EDUC	+	0.1110	0.0080	0.00008	0.9954	0.1178	0.4213	0.0378	0.7972	0.2310	0.0106	0.0920	0.4192	0.0868	0.6876
IPM	+	2.1809	0.0000	4.0608	0.0000	2.6441	0.0000	1.7214	0.0327	2.3179	0.0935	0.5489	0.4083	3.6610	0.0025
Goodness of Fit															
R²		0.4289		0.4763		0.5500		0.8297		0.6997		0.5440		0.6237	

Adj R^2	0.4174	0.4383	0.4919	0.7773	0.5854	0.4852	0.5445
Fstatistik	37.3577	12.5078	9.4704	15.8380	6.1176	9.2462	7.8739
Prob Fstat	0.0000	0.0000	0.0000	0.0001	0.0004	0.0000	0.0006

Discussion

According to the United Nation (2022) since the mid-twentieth century, the world's population has more than tripled, reaching nearly 8 billion people by 2022. Projections by the United Nations suggest that the global population size could grow to nearly 11 billion in about by 2100. Rapid population increase could exacerbate the challenges of ensuring that future development is sustainable and inclusive. This growth will be most influential in low-income and lower-middle-income countries.

In line with previous research conducted by Anto (2012) showed that the number of people who have a large productive age interval will be an advantage if the population with productive age is of high quality. However, it can be a disaster when the productive age population has low education and skills, poor health conditions, and cannot produce optimally.

Foreign investment has a positive effect on the sustainable development index in the aggregate test in 34 provinces of Indonesia, while for the test on each island in Indonesia, foreign investment has a negative effect on the island of Kalimantan. Based on the theory, foreign investment has a positive influence on sustainable development. In accordance with the results of data processing which shows that population growth indicators have a negative influence on IPB in the aggregate in 34 provinces in Indonesia. However, there are differences in the results of data processing based on each island in Indonesia.

Research conducted by Yonani (2019) shows that there are two effects of foreign investment for development. The positive influences include the opening of new opportunities to work for the community, technological transitions, an increase in state income from the tax sector, the convenience of the community in fulfilling their needs, and encouragement for the progress of domestic producers. The negative influence of foreign investment must also be carefully considered because it can cause environmental damage as a result of environmental pollution such as waste that is not managed properly, reduced productive land because areas that should be productive land are transformed into industrial factories, abandoned agricultural sector as a result of the sucking of agricultural labor into the industrial sector due to income that is considered more promising, the occurrence of excessive exploitation of natural resources to damage habitats, and the large amount of business results brought to the investors' home countries.

Based on BPS data, Kalimantan Island has a foreign investment value of US$ 1621.8 of the total value of foreign investment in Indonesia, which is 31,093.1. This shows that the value of foreign investment in Kalimantan is only about 5.22 percent of the total value of foreign

investment in Indonesia. This figure is very small when compared to data on exploitation of natural resources, especially massive forest exploitation, the existence of investment points for oil palm plantations in riverbanks, to indications of companies entering forest areas that should not be used as industrial areas. According to WWF, Kalimantan Island will experience a loss of 75 percent of its forest, which is around 10-13 million hectares of forest between 2015-2020.

The third indicator that measures sustainable development is education. Based on the results of data processing in table 2, education has a positive influence both on an aggregate basis in 34 provinces in Indonesia and on testing each island in Indonesia. Indonesia which consists of Sumatra Island, Java Island, Bali Island-Nusa Tenggara, Kalimantan Island, Sulawesi Island, and Maluku-Papua Island. Based on the theory, education has a positive influence on sustainable development. This theory is in accordance with the results of data processing which shows that education indicators have a positive influence on IPB in the aggregate in 34 provinces of Indonesia and each of the islands in Indonesia.

Umi (2014) states that education is an important investment in development. Education is also considered a sector that has a major role in forming the capability of a developing country to absorb modern technology and develop production capacity as an effort to create sustainable development (Todaro, 2006).

Education has a big role in the 21st century in changing attitudes, behavior and lifestyles of individuals through awareness, capacity building, and other ways so that the need for educational reorientation is needed in the face of these pressures (Sarabhai, 2015; UNESCO, 2021). In countries with relatively high fertility rates today, investment in education can significantly increase the positive economic impact of the United Nations.

Marshall *et al.* (2017) stated that education can form an internal drive for each individual to carry out *pro-environmental behavior (pro-environmental behavior)*. This drive from within the individual autonomously forms an environmentally friendly character and character to make decisions and act that protects and sustains the environment. Qi (2016), concludes that the allocation of higher education funds will encourage an increase in income through the growth of human capital. Guo *et al.* (2018) states that sustainable development is positively related to education.

The last indicator that measures sustainable development is the human development index which is measured by the quality of human resources. Based on this research, the quality of human resources has a positive effect on sustainable development, both on an aggregate basis in 34 provinces in Indonesia and testing each island in Indonesia. Based on the theory, the quality of human resources has an influence. This theory is in accordance with the results of data processing which shows that indicators of the quality of human resources have a positive

influence on IPB on an aggregate basis in 34 provinces of Indonesia and each of the islands in Indonesia.

According to Strezov, et al. (2017) said that the human development index is a widely adopted indicator to measure the status of development in the socio-economic field. *Human Development Index* is widely used to measure the level of human well-being of sustainable development through the lens of human capacity by the United Nations Development Program (UNDP). HDI can be applied to many different research scales, from small, medium to large scale, including districts (Singh and Keshari, 2016), provinces (Zuo et al., 2017) and countries (UNDP, 2016; Zang et al., 2017).

Based on BPS data, the human development index in Indonesia has continued to increase from 2015 to 2020. Although the human development index experienced a slowdown in growth in 2020, the index value reached 71.94. This value increased by 0.03 percent compared to the previous year. The Human Development Index (HDI) broadly defines development, namely from the dimensions of the quality of the population and education which are the goals in a sustainable development. A country that has a high population, but has a low level of quality of human resources will affect the quality of sustainable development in that country.

Conclusion

Conclusions

The results of this test conclude that population growth has a negative effect, while foreign investment, education, and the human development index (quality of human resources) have a positive influence on the sustainable development index on an aggregated basis in 34 provinces of Indonesia. In addition, the results of this test conclude that there is a negative effect of foreign investment on the sustainable development index on the island of Kalimantan which is concluded based on the test results where the beta coefficient of the PMA variable is negative.

Suggestions

From the results of the research that has been carried out, the researchers suggest the need for supervision and review by the government regarding foreign investment such as paying attention to CSR so that foreign investment can have a positive effect in supporting sustainable development running as expected

Reference

Akhirul, et al. 2020. "Dampak Negatif Penduduk Terhadap Lingkungan dan Upaya Mengatasinya". *Jurnal Kependudukan dan Pembangunan Lingkungan,* 1(3).

Ariani, Ayu, N. K., & Wiagustini, N. L. 2017. "Faktor-faktor Yang Mempengaruhi Struktur Modal Perusahaan Property & Real Esatate Yang Terdaftar di BEI". *E-Jurnal Manajemen Universitas Udayana*, 6 (6): 3168- 3195.

Bangun, Rita. 2020. "Peningkatan Kualitas Manusia dalam Implementasi Tujuan Pembangunan Berkelanjutan di Provinsi Sumatera Utara". *Inovasi.* 17(2).

Bappenas. 2020. "Pedoman Penyusunan Rencana Aksi Tujuan Pembangunan Berkelanjutan (TPB)/Sustainable Development Goals (SDGs)". Retrieved (http://sdgs.bappenas.go.id/wpcontentuploads/2020/10/Buku-Pedoman-Rencana-Aksi-SDGs.pdf)

Barro & R. Becker. 1988. "A. Reformulation of the economic theory of fertility". *Quartely Journal of Economic*, 1: 108-125.

BPS. 2020. "Indikator Tujuan Pembangunan Berkelanjutan Indonesia 2020". Retrieved (https://www.bps.go.id/publication/2020/12/17/7a6c6ad8f95681d0050e7d89/indikat or-tujuanpembangunan-berkelanjutan--tpb--indonesia-2020.html)

Citra Ayu Basica Effendy Lubis. 2014. "Pengaruh Jumlah Tenaga Kerja, Tingkat Pendidikan Pekerja Dan Pengeluaran Pendidikan Terhadap Pertumbuhan Ekonomi". *Jurnal Universitas Negeri Yogyakarta, 10*(2).

Comim, et al. 2022. Sustainability and Human Development Indicators: A Poset Analysis. Ecological Economics. 198.

Didu, et al. 2016. "Pengaruh Jumlah Penduduk, Pendidikan dan Pertumbuhan Ekonomi terhadap Kemiskinan di Kabupaten Lebak". *JEQ-u,* 6(1).

DW. 2017. "Kalimantan Bakal Kehilangan 75 Persen Hutan Pada 2020". Retrieved (https://www.dw.com/id/wwf-kalimantan-bakal-kehilangan-75-persen-hutan-pada-2020/a-39124270).

Fauzi, A. Oktavianus, A. 2014. "Pengukuran Pembangunan Berkelanjutan di Indonesia". *Jurnal Ekonomi Pembangunan*, 15(1): 68-83.

Gunther, et al. 2022. "Outcome indicator development: Defining education for sustainable development outcomes for the individual level and connecting them to the SDGs". *Global Environmental Change.* 74.

Guo, D., Cao, Z., DeFrancia, K., Yeo, J. W. G., Hardadi, G., & Chai, S. 2018. "Awareness, perceptions and determinants of urban sustainable development concerns – Evidence from a central province in China". *Sustainable Development*, *26*(6): 652–662. https://doi.org/10.1002/sd.1734.

Jayanti, Ery. 2017. "Hubungan Pertumbuhan Penduduk dengan Tujuan Pembangunan Berkelanjutan". *Jurnal Ekonomi dan Kebijakan Publik Indonesia.* 4(2).

Jufrida, et al. 2016. "Analisis Pengaruh Investasi Asing Langsung (FDI) dan Investasi dalam Negeri terhadap Pertumbuhan Ekonomi Indonesia". *Jurnal Perspektif Ekonomi Darussalam.* 2(1).

Kopnina, Helen. 2014. "Education for sustainable development (ESD) as if environment really mattered. Environmental Development". 12: 37-46.

Maradona, Agus. 2020. "Eksplorasi Dimensi Spiritual dalam Praktik Pelaporan Akuntansi Sosial dan Lingkungan di Bali". *Indonesia Accounting Journal.* 2(2).

Marsiglio, Simone. 2011. "On the Relationship between Population Change and Sustainable Development. Research in Economics". 65(4): 353-364.

Marshall Hess, P. 2017. "Determinants of the adjusted net saving rate in developing economies". *International Review of Applied Economics*, *24*(5): 591–608. https://doi.org/10.1080/02692170903426070.

Meng, et al. 2021. "Research on the Influence of Energy Utilization and Economic Development on Human Well-Being in Qinghai-Tibet Plateau". *Sustainability,* 13(1): 196.

Munandar, Aris. 2022. "Praktik buruk investasi merusak fungsi gambut hutan Kalibandung". Retrieved (https://www.ekuatorial.com/2021/03/praktik-buruk-investasi-merusak-fungsi-gambut-hutan-kalibandung/).

Narula, Kapil. 2012. "Sustainable Investing via the FDI Route for Sustainable Development. Procedia-Social and Behavioral Sciences". 37: 15-30.

Nasibulina, Anastasia. (2015). *Education for Sustainable Development and Environmental Ethics. Procedia Social and Behavioral Sciences.* Volume 214. Halaman 1077-1082

Neumayer, Eric. *The human development index and sustainability — a constructive proposal. Ecological Economics.* Volume 39. Halaman 101-114

Ningrum, Putu. 2018. "Pengaruh Pendidikan, Penanaman Modal Asing, dan Tenaga Kerja terhadap Pertumbuhan Ekonomi di Provinsi Bali". *E-Jurnal EP Unud,* 7(2) : 230-259.

Nousheen, et al. 2020. "Education for Sustainable Development (Esd): Effects of Sustainability Education on Pre-Service Teachers' Attitude Towards Sustainable Development (Sd)". *Journal Pre-proof.* 250.

O'Regan, et al. 2009. "The Relationship between Settlement Population Size and Sustainable Development Measured by Two Sustainability Metrics. *Environmental Impact Assesment Review*. 29(3): 169-178.

Qi, J. 2016. "Government Education Expenditure, Third-party Spillover Effect and Economic Growth in China". *Journal of Sustainable Development*, *9*(2): 145. https://doi.org/10.5539/jsd.v9n2p145.

Priyanto, et al. 2013. "Pendidikan Berperspektif Lingkungan Menuju Pembangunan Berkelanjutan. *Jurnal Wacana.* 16(1).

Rahmatullah. 2015. "Pengaruh Penduduk Umur Produktif terhadap Pertumbuhan Ekonomi Indonesia". *E-Journal UBBG.* VI(2).

Sasmita, dkk. 2021. "Determinan Indeks Pembangunan Berkelanjutan di 34 Provinsi Indonesia". *Jurnal SEBATIK*. 25(2).

Salsabila, P. 2019. "Baru 19 Provinsi yang Miliki Rencana Aksi Pembangunan Berkelanjutan". Retrieved (https://ekonomi.bisnis.com/read/20190502/45/917729/baru-19-provinsi-yang-miliki-rencana-aksipembangunan-berkelanjutan).

Sarwedi. 2002. "Investasi Asing Langsung di Indonesia dan Faktor yang. Mempengaruhinya". *Jurnal Akuntansi & Keuangan*, 4(1): 17-35.

S, Mulyadi. 2003. Ekonomi Sumber Daya Manusia dalam Perspektif Pembangunan. Jakarta: PT. Raja Grafindo Persada.

Shoaib, Shafique and Zahid, Hussain. 2015. "The impact of foreign direct investment (FDI) on economic growth. Journal Of Munich Personal Repec Archive". 64(4): 229-339.

Singh, P., Keshari, S., 2016. "Development of human development index at district level for EAG states". *Stat.Appl,* 14: 43–61.

Sihite, Rosaria. 2022. "Analisis Pengaruh Pendapatan Perkapita, Jumlah Konsumsi dan Pertumbuhan Eknomi di Kabupaten/Kota Provinsi Kalimantan Tengah". *JEPP: Jurnal Ekonomi Pembangunan dan Pariwisata*. 2(1): 46-57.

Strezov, V., Evans, A., Evans, T.J., 2017. "Assessment of the economic, social and environmental dimensions of the indicators for sustainable development". *Sustain. Dev*. 25: 242–253

Suriadi, M. 2019. "Pengaruh Indeks Pembangunan Manusia (IPM) Terhadap Pertumbuhan Ekonomi di Kanupaten Wajo". Universitas Negeri Makassar.

Syambudi, Irwan. 2021. "Banjir Kalimantan akibat Lingkungan Rusak: Tak Cukup Penghijauan". Retrieved (https://tirto.id/banjir-kalimantan-akibat-lingkungan-rusak-tak-cukup-penghijauan-glxL)

Syaripuddin, et al. 2021. "Pengaruh Agloerasi, Tingkat Pengangguran Terbuka, Investasi, dan Indeks Pembangunan Manusia terhadap Ketimpangan Pembangunan Ekonomi di Pulau Sulawesi". *Jurnal Ilmu Ekonomi.*

Thomas, Linblad. 2015. "Foreign Direct Investment In Indonesia: Fifty Years Of Discourse. Journal Bulletin of Indonesian Economic Studies". 51(2).

Umi Rahayu, Shabrina; Tisnawati, Ni Made. (.n.d.) "Analisis Pengaruh Jumlah Tanggungan Keluarga, Umur, Pendidikan Dan Status Pekerjaan Terhadap Pendapatan Kelyarga Wanita Single Perent". *Jurnal Ekonomi Kuantitatif Terapan Universitas Udayana,*

United Nations 2022. *Why Population Growth Matters for Sustainabile Development*. New York.

Todaro, Michael. 2006. *Pembangunan Ekonomi di Dunia Ketiga*. Edisi Ketiga. Jakarta: Erlangga.

UNDP. 2020. *Human Development Index (HDI)*, *Human Development Reports*.

Yesika Resianna Berimbing dan Ni Luh Karmini. 2015. "Pengaruh Pad, Tenaga Kerja, Dan Investasi Terhadap Pertumbuhan Ekonomi Di Provinsi Bali". Jurnal *Ekonomi Pembangunan Universitas Udayana.* 4(5).

Yogantara, Komang. 2021. "Pengaruh Kualitas SDM, Motivasi Kerja, Pemanfaatan Sistem Informasi, Pengendalian Intern dan Komitmen Organisasi pada Kualitas Laporan Keuangan Pemerintah Daerah". *Journal of Applied Management and Accounting Science*. 3(1).

Yonani. 2019. "Pengaruh Investor Asing Terhadap Pengembangan Masyarakat Lokal di Indonesia". *Journal Fiat Justicia, 5*(1).

Zahran, Vafa. 2020. "Pengaruh *Foreign Direct Investment* dan Ekspor terhadap Pertumbuhan Ekonomi Indonesia". *Jurnal Ilmiah.*

Zaman, et al. 2021. "Does regional integration matter for sustainable economic growth? Fostering the role of FDI, trade openness, IT exports, and capital formationin BRI countries". *Heliyon.* 7.

Zang, Z., Zou, X., Song, Q., Li, Y., Wang, T., 2017. "Integrated sustainable development evaluation based on human well-being indices and pressure indices: a case study of the South China Sea Neighboring Countries". *Soc. Sci. J.* 54: 346–357.

Zghuir, et al. 2021. "Embedding Education for Sustainable Development (ESD) and SDGs values in curriculum: A comparative review on Qatar, Singapore and New Zealand". *Journal of Cleaner Production.* 319.

Zhang, et al. 2022. "Environmental performance and human development for sustainability: Towards to a new Environmental Human Index". *Science of the Total Environment.* 838

Zuo, X., Hua, H., Dong, Z., Hao, C., 2017. "Environmental performance index at the provincial level for China 2006–2011". *Ecol. Indic.* 75: 48–56.

THE EFFECT OF ENVIRONMENTAL PERFORMANCE AND TAX AVOIDANCE ON COMPANY VALUE

Abubakar Arif

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

R.Rosiyana Dewi

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Liem Yan Sugondo

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Mauliddini Nadhifah

Fakultas Ekonomi dan Bisnis Universitas Trisakti, Jakarta, Indonesia

Email Correspondence: emiliaputri605@gmail.com

ABSTRACT

Stakeholders' concern for the environment and social, causes the determination of the value of the company is not only seen from financial performance, but environmental performance and corporate awareness on tax payments. This study examines the effect of environmental performance and tax avoidance on company value. The sample of this research is manufacturing industry companies listed on the Indonesia Stock Exchange in 2017-2020, the selection of sample data using the purposive sampling method, so that the number of samples obtained is 176 data. The study used panel regression analysis to test these allegations. The results of this study indicate that environmental performance and tax avoidance have a negative effect on firm value, and environmental performance has a positive effect on tax avoidance

KEYWORDS: TAX

Introduction

A company aims to earn income through its business activities. In this achievement, the company strives to achieve it with various activities carried out together. Business activities and the profits it earns will generate capital, in addition to capital obtained from business activities, the company can also obtain capital from external parties, namely investors and creditors through investments or loans. Investors and creditors will provide capital to the company through their assessments. They will determine the value of the company based on an assessment of the company's ability to provide welfare to shareholders. The value of this company is used as the basis for determining the investment capital. The value of the company can be reflected in the price of the listed shares.

Stakeholder demands on companies in obtaining capital change along with economic, political, social, or environmental conditions. Currently, stakeholders see environmental and social conditions are getting worse, the environmental damage that is currently happening cannot be separated from the impact of the issuer's operational activities. Besides that, the condition of the people who have been heavily affected by the COVID-19 has resulted in a decrease in their income. Companies are required to not only pursue profit in their business activities, but are also required to pay attention to the environment (planet), as well as pay attention to the community environment (social).

Indonesia is included as a country that has poor air quality because it is one of the top 20 countries in the world that has the highest pollution level, with the highest PM2.5 concentration of 34.3 g/m3. Even Indonesia is claimed to be the highest polluted country in Southeast Asia. This air pollution causes many diseases, such as asthma, stroke, heart, and lung to death every year. (detik.com, Anjani, 2022). Deteriorating environmental conditions are also marked by changes in the world's climate. Climate change is one of the negative impacts caused by industrial activities, this climate change can threaten food security and human health and cause extreme disasters.

Taxes are public contributions to the government which are directly used for state development. Communities and business entities have an obligation to pay taxes in return for the results they earn. The government hopes that the compliance of taxpayers to pay taxes, one of which is for the development of the environment and public health, is currently not in good condition. The company's commitment in paying attention to the environment in a sustainable manner can add value to the company. A company's sustainability reporting activities need to be disclosed. For the company, the sustainability activity report is an indicator of the company's success and is a positive step for investors and stakeholders related to decision making and company value.

Efforts to increase the value of the company can make maximum use of resources but are often not balanced with the contribution of environmental management and ignore social

responsibility by not contributing to society through the government, namely using tax avoidance. For companies, tax avoidance activity is something that can bring significant benefits and advantages. Companies that do tax avoidance are believed to not provide participation to the community because it can be reviewed according to the benefits of the tax itself, it can be used as support for the government to provide financing to build public facilities and infrastructure.

The practice of tax evasion can be a separate ethical problem for companies that do it. Managers are parties who make decisions on tax avoidance practices by the company. By implementing environmental performance, the company will have a good image and ethics where the tax evasion generated can be used for environmental performance activities and these activities will not be considered as things that are detrimental to the welfare of stakeholders. Companies that implement good environmental performance tend not to practice tax avoidance (Hamid et al., 2019). This is because companies that carry out environmental performance indirectly have very good social credibility for stakeholders and investors so that they can increase the value of the company.

The emergence of loopholes in tax laws and regulations makes tax avoidance practices often occur and are carried out from time to time by taxpayers. Tax avoidance is carried out to reduce tax obligations. In tax avoidance activities can generate high after-tax profits so that it becomes interesting information for investors. Firm value is information that provides a level of investor confidence in the company, the higher the value of the company, the better the welfare of the company can be described, while a low company value can describe poor work productivity so that investors are reluctant to invest. Tax avoidance has a long-term effect on the value of the company and can affect the value of the company's shares (Mangoting et al., 2019). Companies that do tax avoidance in order to benefit from tax savings and increase cash flow which leads to an increase in company value (Azam & Wang, 2020).

The environmental performance carried out by the company shows the potential and commitment to environmental sustainability, the more information disclosed, the higher stakeholder trust in the company (Setiadi & Agustina, 2020). The results of research by Aboud & Diab, (2018) and Putri (2021) show that environmental performance has a positive effect on firm value. Another study found that the effect of environmental performance did not affect the perception of stakeholders in increasing firm value (Muslichah, 2020).

Companies that carry out environmental performance will tend not to carry out tax avoidance activities, because companies that implement good quality environmental performance carry out these activities voluntarily and also have abundant resources. According to Hamid et al., (2019) companies that implement good environmental performance tend not to practice tax avoidance. Another study found that environmental performance carried out by companies did not have a relationship with tax avoidance according to (Sulistiana & Istianingsing, 2018).

The effect of tax avoidance on firm value is also still being debated. According to (Azam & Wang, 2020) tax avoidance by companies to be able to benefit from tax savings and increased cash flow so that it can add value to the company. However, research conducted by (Anastasya, 2018) and (Noviani et al., 2017) found that tax avoidance by companies will result in a decrease in the level of company value. Research conducted by (Handayani, 2020) found tax avoidance has no correlation to the rise or fall of a firm's value. This research is a combination of several studies with motivation due to the many previous studies showing different results and current issues related to increasing tax rates that can boost tax evasion measures and current environmental conditions, so the purpose of this study is to analyze the effect of environmental performance on value. company, the effect of tax avoidance on firm value, and the effect of environmental performance on tax avoidance. In this study there are also 3 control variables, namely profitability performance (ROA), leverage performance (DAR), and firm size.

Signaling Theory Signaling
first presented by Spence (1973) which explains that the sender (the owner of the information) gives a signal or information signal that reflects a company condition that can attract investors. Information that is considered as information is an important indicator for investors and business people in making decisions for investment, this is a management effort in realizing the wishes of the owner (Putri, 2020).

Companies can provide good information about the information they have to the market, but the delivery of information in the past year was not good, this has an impact that the market will not trust information in the future. According to Jogiyanto (2014:392) information published as an announcement will provide a signal for investors to be able to make investment decisions. Signal theory was developed in economics and finance in order to reveal accounting information such as financial statements that can be used by various parties, both internal and external parties. One type of information that a company can issue as a good signal is an annual report. The more extensive information disclosed in the annual report will increase investor confidence in the company. With a high level of trust, investors can provide a positive response to the company.

Agency Theory (*Agency Theory)*

Jensen & Meckling (1976) agency relationship is a contractual relationship between managers *(agents)* and shareholders *(principals)*. Agency theory shows that there is a conflict of interest between shareholders *(principals)* and managers *(agents)* . However, sometimes it can lead to a conflict of interest because the information submitted is not in accordance with the company's conditions. (Putu, 2017).

The relationship between the agent and the principal sometimes causes conflict because the agent acts only according to their own wishes and is not in the interests of the principal, resulting in different decisions between the agent as the decision maker and the principal as

the provider of resources. The difference in the information obtained causes information asymmetry between the agent and the principal, which is a situation where the agent has access to information on the company's prospects that is not owned by outsiders.

The difference in interests between the agent and the principal can cause conflict because they have different goals. In this study, the government as the principal with the hope of obtaining high tax revenues from taxpayers, has different interests from company managers who are agents. The company as an agent prioritizes interests in optimizing taxes that must be distributed so that tax avoidance practices will arise.

Legitimacy Theory Legitimacy

Theory as a commitment from the company to the environment, this theory was presented by Gray et al (1996), where the management of the company will be oriented to the community, government, individuals and community groups. A company that is inseparable from its environment should act in accordance with norms, values, and meanings that are in accordance with social rules. This aspect of legitimacy is important for the company as the company's resilience to survive in its development in the future.

A company that has been formed will be sustainable if there is support from the community in the form of trust that is commensurate with the values they expect. The community will give a positive value to the information developed by the company related to norms, especially the company's participation in caring for the environment through the environmental performance they have done.

Stakeholder Theory (*Stakeholder Theory)*

The stakeholder theory developed first by Freeman (1984) directs companies to act not only in their own interests, but must also work to fulfill the wishes of stakeholders. Trust and support from stakeholders can be given if the company is able to fulfill their interests Masruroh & Makaryanawati (2020). This theory is related to the condition where companies that have obligations to stakeholders, including investors and creditors, must provide a rate of return and the low risk they get based on the company's financial performance. Companies must be able to demonstrate their financial performance to increase stakeholder trust so as to increase company value.

Thinking Framework

Based on the theoretical basis and previous research that describes Environmental Performance, Tax Avoidance, and Firm Value with control variables ROA, DAR, and firm size, the authors describe the framework of this research as follows:

```
┌──────────────────────────────────────────────────────────────────┐
│                                                                    │
┌──────────────────┐   ┌──────────────────┐        ┌──────────────────┐
│   Kinerja        │   │  Penghindaran    │        │ Nilai Perusahaan │
│ Lingkungan (X)   │   │   Pajak (Z)      │        │       (Y)        │
│                 ▼│   │                 ▼│        │                  │
└──────────────────┘   └──────────────────┘        └──────────────────┘

┌──────────────────┐
│ **Variabel Kontrol** │
│                  │
│ ROA              │
│                  │
│ DAR              │
│                  │
│ Ukuran Perusahaan│
└──────────────────┘
```
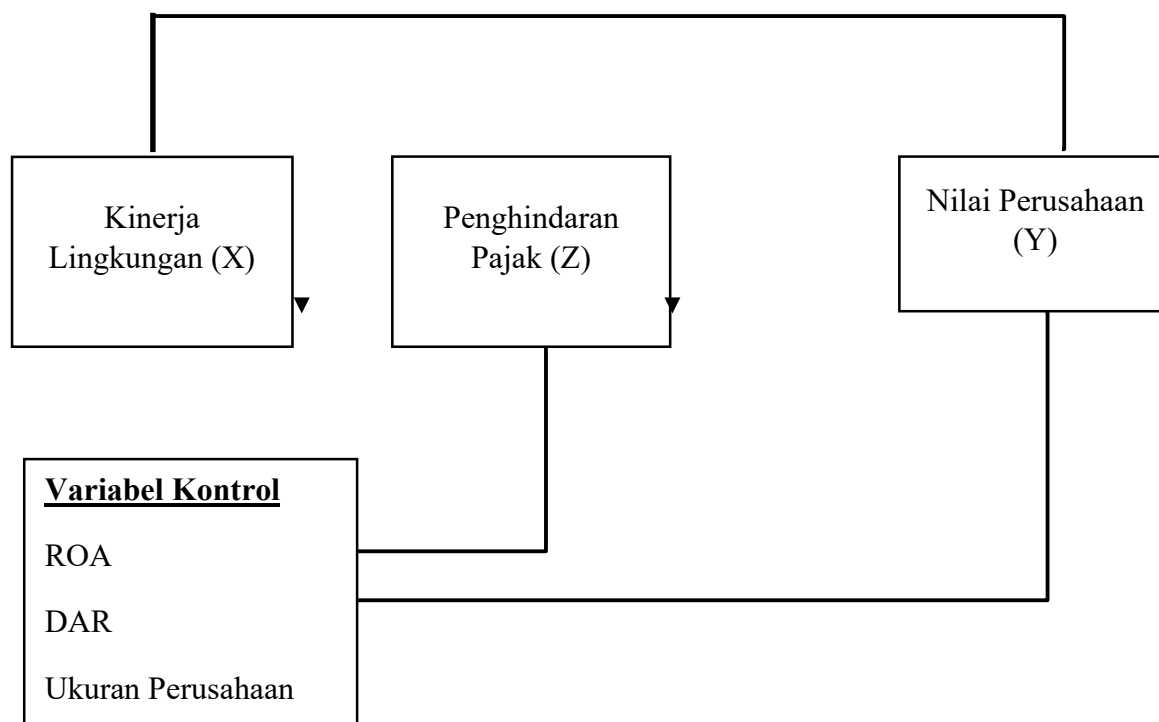
Hypothesis Development

Based on the theoretical basis and conceptual framework that has been described, the authors formulate the development of the following hypotheses:

The Effect of Environmental Performance on Tax Avoidance

Understanding the magnitude of the impact of company activities on environmental conditions is followed up with the company's special attention to the environment. Companies that have a concern for the environment will try to participate in protecting the environment, the aspect that is expressed as environmental performance is the company's effort to provide information from these activities for the sake of the company's sustainability.

Through environmental protection activities carried out by the company, it can have an impact on the welfare of the community, for that a company that has environmental performance basically also cares for the community, so that the company will try to participate in various programs that prioritize the welfare of the community, including taxes. Taxes paid by companies through the government are a form of corporate responsibility to the community. One form of the company's attention to stakeholders is to obey paying taxes to the government without taking tax avoidance actions (Masruroh & Makaryanawati, 2020).

Previous research conducted by Hamid et al.,(2019), provides evidence that environmental performance has a negative effect on tax avoidance behavior. The higher the company's environmental performance, the lower the level of tax avoidance. The hypothesis of this research is as follows:

H1: Environmental Performance has a negative effect on Tax Avoidance

The Effect of Tax Avoidance on Company Value Tax

avoidance is an action taken in an effort to reduce the tax burden that must be paid to the government. This tax avoidance by the company resulted in the profit paid not being the same as what happened which would have an impact on the company later. The existence of a conflict of interest between the agent and the principal where the agent and principal have opposite goals results in the difference in reported earnings. If the company and the government have the same goal, the company will support and implement tax, not tax evasion (Ndiwu, 2019). Tax avoidance as part of the inaccuracy of the reported value, this will have an impact on decreasing public confidence in the company. According to Anastasya's research (2018), it shows that tax avoidance has a negative effect on firm value. By finding that increasing tax avoidance activities will result in a decrease in the level of firm value. This is in line with the research of Noviani et al. (2017) who found tax avoidance had a negative effect on firm value. Based on the development of the above hypothesis, the hypothesis in this study is as follows:

H2: Tax Avoidance has a negative effect on Firm Value

Effect of Environmental Performance on Firm Value

A company that has concern for the environment will carry out various activities related to environmental protection. The 3P concept (Planet and People Profile) is a triple bottom line concept that is the target of today's companies. Environmental performance as a form of corporate responsibility which is currently considered voluntary, but also becomes an assessment for stakeholders, this is due to worsening environmental conditions. The existence of environmental performance gives a positive image to the company and increases the value of the company so that it can attract investors. *Signaling Theory* that underlies environmental performance. According to signal theory, the company's environmental performance will signal a positive company value to investors (Putri, 2021). Legitimacy theory states that companies will have value if the environment is also an important part of operational activities, norms related to environmental protection are also a concern for companies.

Previous research conducted by (Putri, 2021) shows that environmental performance has a significant positive effect on firm value. The results of this study are in line with research (Aboud & Diab, 2018) which shows that companies that perform environmental, social, and governance performance have higher corporate values. According to (Wulaningrum & Kusrihandayani, 2020) environmental performance affects firm value. Based on the development of the above hypothesis, the hypothesis in this study is as follows:

H3: Environmental Performance has a positive effect on Firm Value

Method

Type of Research

Tpe of research used is quantitative. With a view to testing the hypothesis on the effect of the independent variable on the dependent variable. Quantitative research based on available numerical data, namely data reported in the company's annual report. The research discussion emphasizes testing theories as well as previous research through numerical data on each variable in this study.

Population and Sample

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange during the 2017-2020 period. The sample selection in this study used purposive sampling technique. The sample used in this study is a manufacturing company listed on the Indonesia Stock Exchange (IDX) during 2017-2020.

Certain criteria applied in the sampling are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange in the 2017-2020 period
2. Companies that present a complete annual report by including the company's environmental performance report or sustainability report during the research period.
3. Sample companies that have complete data needed in the study.
4. Companies that do not experience losses during the study period.
5. Financial statements presented in rupiah currency.

Tabel 1 Definisi Operasional dan Pengukuran Variabel

Variabel	Dimensi	Indikator	Skala	Sumber
Dependen (Y)	Nilai Perusahaan	Tobin's Q=MVE+DTotal Asset	Rasio	Aboud & Diab (2018)
Independen (X)	Kinerja Lingkungan	ED=Numb of env items disc20	Rasio	Muslichah (2020)
Intervening (Z)	Penghindaran Pajak	ETR=Income tax ExpenseEarning Before Tax x (-1)	Rasio	
Kontrol	Ukuran Perusahaan	Size=Ln (Total Asset)	Rasio	Priccila & Sinabutar (2020)
Kontrol	Profitabilitas	ROA=Net IncomeTotal Asset	Rasio	Handayani (2020)
Kontrol	Leverage	DAR=LiabilitiesTotal Asset	Rasio	

This study did not use all of the indices above, but only used 20 of the 22 categories by removing items numbered 15 (Spills) and 17 (Environmental spending and activities). The category of spills or spills can be classified as water effluent because it has similarities in the form of liquid waste. The environmental spending and activities category can be combined into category number 1 because it is related to the company's environmental policies or plans (Juniartha & Dewi, 2019).

Table 2 Measurement of Quality and Quality of Environmental Performance

Performance Quantity "How Much"	Performance Quality "How to Measure It"	Definition of Quality
1 = Sentence	1 = Monetary	Expressed in monetary/currency units.
2 = Paragraph	2 = Non-Monetary	In units of numbers, volumes, measures, etc., but not in currency units.
3 = Part of page A4	3 = Only qualitative	Only in the form of descriptive sentences.
4 = 1 Page A4	4 = Qualitative and currency units	In the form of descriptive sentences and currency units.
5 = > 1 page A4	5 = Qualitative and non-monetary	In the form of descriptive sentences and numerical units.
	6 = Monetary and non-monetary	A combination of currency units and numbers.
	7 = Qualitative, monetary and non-monetary	In descriptive sentences, currency and numbers.

Source: Research (Raar, 2002)

Research The company's environmental performance index is then calculated from the number of items disclosed by the company to the total number of items that may be disclosed.

Data Collection Methods The data

Used in this study is secondary data, namely data obtained from existing documents. The data used in this study are in the form of company annual reports and/or sustainability reports listed on the indonesia stock exchange (idx), namely www.idx.co.id for the period 2017-2020. The method used in data collection is documentation by collecting, recording, calculating the data entered into the study.

Data Analysis Methods

Hypothesis Testing

Multiple Linear Regression Analysis

Testing in this study used multiple linear regression analysis. Multiple linear regression analysis is a method for testing that is used to determine whether or not there is a functional relationship or a causal relationship between the independent variables and the dependent variable. The multiple linear regression method in this study has two models, namely:

$$ETR = +1\ EnvDisc + \beta Size + \beta ROA + \beta DAR + \beta UP + e \quad \text{......... 1}$$

$$TobinsQ = +\beta 1\ EnvDisc + \beta 2 ETR + \beta Size + \beta ROA + \beta DAR + \beta\ UP + e \quad \text{......... 2}$$

Note:
ETR   = Tax Avoidance
Env Disc   = Environmental Performance
Tobin's Q   = Firm value
Size   value
ROA   = Profitability ratio
DAR   = Leverage ratio
UP   = Firm Size
             = Constant

e = Coefficient Error

In Determining the Estimation

Model The estimation model on regression uses panel data, namely by determining the best model through 3 (three) tests, namely *Common Effect* or *Pooled Least Square* (PLS), *Fixed Effect Model* (FEM), and *the Random Effect Model* (REM). Determination of the best model is done by using the Chow test, Hausman test, and *Lagrange Multiplier.* The three tests are assessed for their probability level so that the best model can be determined whether the *common effect,* or *fixed effect model,* or *random effect model.* The Lagrange multiplier test is only used when the Chow test and Hausman test show different results. The Chow test shows that the right model to use is the *common effect* , while the Hausman test shows that the right model to use is the *random effect.* It is necessary to test using *a lagrange multiplier* to determine which of the two models is the most appropriate to use. If the results of the Chow test and Hausman test show the same results, then the *Lagrange multiplier* does not need to be carried out.

Hypothesis Testing The hypothesis

Testing technique used to determine whether there is a significant effect of the independent variables on firm value is the F Statistical Test and T Statistical Test which uses a significance level of 0.05 (α = 5%). Testing on the quality of the model in this study uses adj R2 and simultaneous statistical test (F test), to see the results of testing the given hypothesis based on the results of the Individual Parameter Significant test (t Test Statistics). Decision making on the F statistical test and t statistical test can be done by looking at the significant value at the 0.05 confidence level. If the significant value is > 0.05 then the independent variable has no significant effect on the dependent variable, whereas if the significant value is < 0.05 then the independent variable has a significant effect on the dependent variable.

Data Description

The population of this research are companies engaged in manufacturing which are listed on the Indonesia Stock Exchange during the period 2018-2020. The sample used in this study is a sample that meets predetermined criteria. In this study, the number of companies that met the purposive sampling criteria were 64 companies with 192 observations. The following is a sample selection table:

Table 3. Research Sample

No.	Criteria	Sample
1	Companies listed on the Indonesia Stock Exchange in 2020 Companies that do not submit complete annual reports in a row during	193
2	2017-2020	(52)
3	Companies that do not have data complete data needed during 2017-2020	(35)
5	Companies experiencing losses during the study period	(30)
6	**Number of companies being sampled companies**	**44**

| 7 | Number of samples of manufacturing companies during the study period | 176 |

West Sumatra: data processed 2022

Descriptive

Statistics are used to describe or describe data from a statistical point of view in the form of the mean, median, mode, standard deviation, maximum and minimum of each variable. Based on the descriptive analysis conducted by the researcher, the following results were obtained:

Tabel 4 Descriptive Statistics

	TA	KL	NP	DAR	ROA	UP
Mean	-0.250427	2.286648	2.576981	0.369806	0.129566	29.10020
Maximum	-0.001000	4.250000	23.28580	0.759600	1.487800	33.49500
Minimum	-0.544400	0.400000	25500	0.06000d.500	25500	0.06000d.500
TableDev.	0.112242	1.072397	3.513239	0.167001	0.178777	1.632476

Based on table 5 above, it can be seen that the average value of the tax burden paid by the company on profit before tax is 0.25, still above the tax rate charged by 25%, meaning that the sample companies are still classified as tax compliant, but still there are companies that do tax avoidance, it can be seen from the value of TA there is only 1%. Table 5 above also shows that the company's environmental quality has an average value of 2.28 when viewed from the maximum number that is expected to be 5 and the minimum number is 0, it can be concluded that the environmental performance expressed by the indicators mentioned above is in fairly good condition. The average value of the company as measured by Tobins Q, as shown in table 5 above has an average value of 2.5, however, there are still companies whose market value is lower than the book value of equity, it can be seen that the minimum value for the company value variable is only 0.066.

The results of model testing and hypothesis testing for model 1 to discuss hypothesis 1 are in table 6, while model 2 testing to discuss hypotheses 2 and 3 can be seen in table 7.

Tabel 5 Hasil Uji Pemilihan Model 1

Variabel	REM	
	Beta	Prob
C	-2.496702	0.0000
KL	0.029344	**0.0004**
ROA	0.076884	0.0000
DAR	-0.132993	0.0434
UP	0.076233	0.0000
Goodness of Fit Model		
Adj R-squared		0.673695
Prob F-stat		0.000000
Uji Pemilihan Model		
Chow Test	Prob	Keputusan
	0.0000	Model FEM diterima
Hausman Test	Prob	Keputusan
	0.0021	Model FEM diterima (MODEL FIXED)

Tabel 6 Hasil Uji Pemilihan Model 2

Variabel	FEM	
	Beta	Probabilita
C	5.264712	0.0915
TA	-0.310789	**0.0251**
KL	-0.445704	**0.0000**
ROA	0.358493	0.0000
DAR	-1.191225	0.0050
UP	-0.046471	0.6821
Goodness of Fit Model		
Adj R-squared		0.988946
Prob F-stat		0.000000
Uji Pemilihan Model		
Chow Test	Prob	Keputusan
	0.0000	Model FEM diterima
Hausman Test	Prob	Keputusan
	0.0002	Model FEM diterima (MODEL FIXED)

Result

Based on the table above, it can be concluded that:

The selection of the model for statistical equation 1 is the Fixed model (FEM) because the probability value on the Chow Test is smaller than the Hausman Test, as well as for statistical equations, the FEM model is selected for goodness fit testing from model 1 with an adj value of R2 of 0.988946, and in table 6 for testing on model 1 the value of adj R2 is smaller, which is 0.673695. Based on this information, it can be concluded that in model 2 as shown in table 7, the magnitude of the influence of the independent and control variables on firm value is

98.89% and the remaining 1.11% with other variables. In table 6 for testing model 1 the independent and control variables affect tax avoidance only by 67.36%, the rest there are many other variables that affect tax avoidance by 32.64%.

The hypothesis will be tested using a significance level (α) of 5% or 0.05. Based on the table above regarding the significance test table, it can be seen that the calculated F value for model 1 and model 2 is equal to a probability (sig) of 0.000. smaller than 0.05, the regression equation model Ha is accepted and it can be concluded that there is a simultaneous significant effect between the independent variables and the control variables (return on assets, debt to asset ratios, and firm size) on tax avoidance and firm value.

Discussion

Discussion of Hypothesis Testing Results

From the three hypothesis testing that has been carried out, there is one hypothesis that is accepted, namely the second hypothesis, while the first hypothesis and third hypothesis that environmental performance has a negative effect on tax avoidance and environmental performance has a positive effect on firm value are rejected in this study.

The Effect of Environmental Performance on Tax Avoidance (H1)

The results of Hypothesis 1 test can be seen from table 6 above, the value of sig 1 tailed is 0.0002 and has a value of = 0.029344**.** The results of hypothesis testing that have been carried out show that environmental performance has a positive effect on tax avoidance so that **H$_1$ rejected**.

Thus, this study shows that companies that have good environmental performance through various activities to protect the environment that are disclosed in annual reports or sustainability reports actually do tax avoidance. The amount of costs incurred by companies that fulfill their responsibilities to the environment can cause the company's reported profits to decrease, this can actually result in a decrease in the amount of tax burden submitted. Environmental performance certainly requires not small funds, so this will be an opportunity for companies to reduce reported profits, however, the impact of this decline in profits will gradually decrease over time because of course the costs incurred for environmental protection are greater at the beginning of its implementation. The form of the company's attention to the environment as an effort to fulfill its obligations that must pay attention to the environment, in this case is the planet but can also have an impact on decreasing its contribution to its responsibilities to society (people). Legitimacy theory which contains stakeholder expectations for companies to contribute to environmental welfare will actually have an impact on decreasing the company's contribution to social welfare and even on reported profits, especially in short-term conditions.

The results of this study do not support the results of research by Hamid et al., (2019) which found that environmental performance has a negative effect on tax avoidance. The results of this study are in line with the findings of Marsdenia & Martani, 2018 which found a positive influence on environmental performance on tax avoidance.

The Effect of Tax Avoidance on Firm Value (H2)

Hypothesis 2 test results can be seen from table 7 above which shows tax avoidance has a negative effect on firm value because it has a sig value of 0.0125 <0.05 and has a value of = -0.317. The results of hypothesis testing that have been carried out show that tax avoidance has a negative effect on firm value so that **H2. accepted**

In this study supporting signaling theory and agency theory, investors receive bad information signals through reports submitted by companies and consider this information to have a negative impact on stakeholders, so that information on tax avoidance is reacted negatively to firm value. Tax avoidance is recognized as an action taken by a company that can increase agency costs. The difference in the company's interest in avoiding tax is considered to cause agency costs.

The results of this study provide the same evidence as the findings of Anastasya (2018) which shows that tax avoidance has a negative effect on firm value. By finding that increasing tax avoidance activities will result in a decrease in the level of firm value. Similarly, research by Noviani et al., (2017) and Azam & Wang, (2020) which found tax avoidance had a negative effect on firm value.

The Effect of Environmental Performance on Firm Value (H3)

The results of Hypothesis 3 test can be seen from table 7 which shows that environmental performance has a negative effect on firm value because it has a sig 1 tailed value of 0.0000 <0.05 and has a value of = -0.4457. The results of hypothesis testing that have been carried out show that environmental performance has a negative effect on firm value so that **H₃ rejected**.

The results of this study indicate that companies that have good environmental performance will reduce the value and trust of stakeholders in the company. This negative response from stakeholders is not an expected response, stakeholders still assume that the environmental performance disclosed by the company will result in a decrease in reported profits due to the magnitude of the burden on environmental protection activities. Although the issue of the poor environmental conditions in Indonesia is already very worrying, the stakeholders still hope that the profits they can get for the return in the form of dividends are also high. So that the environmental performance carried out by the company is actually responded negatively by the stakeholders. Information on the company's environmental performance can provide a negative signal for investors to make investment decisions. Legitimacy theory which assumes that companies must have good environmental performance considering current demands

needs to be considered. Stakeholders in Indonesia still want the company's mission outside of the planet (environment), such as profit and people

The results of this study did not succeed in supporting the research of Aboud & Diab (2018), Wulaningrum & Kusrihandayani (2020), and Putri (2021) who found that companies that environmental performance has a positive effect on firm value. However, the results of this study provide the same evidence as the research conducted by Pérez-Calderón et al (2012) and Ramadhana & Juniarti (2022), where environmental performance can lead to high costs of investment for environmental protection activities, and meet the needs of the environment. long term.

In this study there are control variables, namely ROA, DAR, and firm size on tax avoidance and firm value. Based on the results listed in Tables 6 and 7, it can also be proven that Return on Assets and firm size have a positive effect on tax avoidance, while leverage as measured by the Debt to Asset Ratio has a negative effect on tax avoidance. And Return on Assets has a positive effect on firm value and Debt to Asset Ratio has a negative effect on company value

Conclusion

Conclusion
The results of this study support 1 (one) hypothesis and reject 2 (two) hypotheses, with the result that environmental performance has an effect on positive effect on tax avoidance, and tax avoidance and environmental performance have a negative effect on firm value.

Implications

Besides the theoretical implications that can be used for the development of knowledge related to the topic of taxation. Managerial implications for investors, this study provides input on environmental performance that has a positive effect on tax avoidance. Environmental performance can show the ethics of a company where they can also have a negative impact on social awareness. For issuers, this research can provide input that the environmental performance actions they take reduce the value of the company because it can be considered a waste for investors. For policy makers, namely the government, the company's activities on environmental protection can be a concern for further observation of the tax obligations that they must submit as taxpayers.

Suggestion Future
research should substitute measures or proxies of firm value which may yield different results. In addition, future research can also replace environmental performance measures that may be more appropriate to conditions in Indonesia.

Reference

Aboud, A., & Diab, A. 2018. "The impact of social, environmental and corporate governance disclosures on firm value: Evidence from Egypt". *Journal of Accounting in Emerging Economies*, *8*(4): 442–458. https://doi.org/10.1108/JAEE-08-2017-0079.

Anastasya, N. 2018. "Pengaruh kualitas csr terhadap nilai perusahaan dengan tax avoidance sebagai variabel intervening". Fakultas Ekonomi dan Bisnis Universitas Trisakti. *Trisakti, Jurnal Akuntasi.*

Azam, M., & Wang, M. 2020. "The effects of tax avoidance on corporate value". *Research Journal of Finance and Accounting*, *11*(4): 118–125. https://doi.org/10.7176/rjfa/11-4-13.

Freeman, R. E. E., & McVea, J. 2005. "A Stakeholder Approach to Strategic Management". *SSRN Electronic Journal*, *January*. https://doi.org/10.2139/ssrn.263511.

Hamid, N. A., Aisyah, H., Taib, M., Noor, R., & Shamsuddin, R. 2019. "Environmental, social, and governance (ESG) disclosure and its impact on effective tax rate (ETR) in Malaysia". *International Journal of Engineering & Technology*, *8*(1.8): 49–53.

Jensen, M., & Meckling, W. 1976. "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure". *Journal of Finance Economic (JFE), 3*: 1-77.

Juniarta, I. M., & Dewi, R. R. 2019. "Pengaruh Proporsi Komisaris Independen, Kinerja Lingkungan, Dan Pertumbuhan Perusahaan Terhadap Kinerja Lingkungan". *Jurnal Akuntansi Trisakti*, *4*(2): 117. https://doi.org/10.25105/jat.v4i2.4843.

Kemenkeu.go.id. 2020. "APBN 2020". Retrieved (https://www.kemenkeu.go.id/apbn2020).

Mangoting, Y., Charysta, V., Martina, D., & Fransiska, S. 2019. "Transparency as Anticipation of Tax Avoidance Behavior through Corporate Social Responsibility". *Jurnal Dinamika Akuntansi*, *11*(1): 15–25. https://doi.org/10.15294/jda.v11i1.18582.

Marsdenia, & Martani, D. 2018. "Environmental CSR disclosure and Tax Avoidance behavior: Empirical Study of Indonesia's Capital Market Listed Company". *IOP Conference Series: Earth and Environmental Science*, *175*(1). https://doi.org/10.1088/1755-1315/175/1/012088.

Masruroh, A., & Makaryanawati, M. 2020. "Pengaruh Kinerja Tanggung Jawab Sosial terhadap Nilai Perusahaan pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia". *Jurnal Akuntansi Aktual*, *7*(1): 67–80. https://doi.org/10.17977/um004v7i12020p67.

Muslichah. 2020. "The Effect Of Environmental, Social Disclosure, And Financial Performance On Firm Value". *Jurnal Akuntansi Dan Auditing Indonesia (Jaai)*, *24*(1): 22–32.

Noviani, L. P., Diatmika, I. P. G., & Yasa, N. P. 2017. "Pengaruh Tax Avoidance Terhadap Nilai Perusahaan Dengan Transparansi Sebagai Variabel Pemoderasi". *E- Journal S1 Ak Universitas Pendidikan Ganesha*, *2*(1).

Priccila, J., & Sinabutar, R. 2021. "Pengaruh Ukuran Perusahaan, Pertumbuhaan penjualanm dan Profitabilitas Terhadap Peghindaran Pajak Perusahaan Manufaktur Pada Tahun 2018-2019", 52-67.

Pérez-Calderón, E., Milanés-Montero, P., & Ortega-Rossell, F. J. 2012. "Environmental Performance and Firm Value: Evidence from Dow Jones sustainability index Europe". *International Journal of Environmental Research*, 6(4): 1007–1014. https://doi.org/10.22059/ijer.2012.571.

Putri, D. R. 2020. "Pengaruh Risiko Bisnis, Investment Opportunity Set, Kepemilikan Manajerial Terhadap Nilai Perusahaan Properti Dan Real Estate Dengan Variabel Intervening Struktur Modal".

Putri, H. K. 2021. "Pengaruh Environmental, Social, Governance (ESG) Disclosure Terhadap Nilai Perusahaan (Studi Empiris Perusahaan Manufaktur yang Terdaftar di BEI)".

Raar, J. 2002. "Environmental Initiatives : Towards Triple-Bottom Line Reporting". *Corporate Communications: An International Journal, 7(3)*: 169-183. 10.1108/13563280210436781.

Setiadi, I., & Agustina, Y. 2020. "Kinerja Lingkungan, Profitabilitas dan Nilai Perusahaan". *Kompartemen: Jurnal Ilmiah Akuntansi, 17*(2): 425–430. https://doi.org/10.30595/kompartemen.v17i2.5807".

Ramadhana, M.L, Januarti I. 2022. "Pengaruh Kinerja Lingkungan Dan Kinerja Keuangan Terhadap Nilai Perusahaan". *Diponegoro Journal Of Accounting,* 11(1): 1-14

Spence, M. 1973. "Job Market Signaling". *The Quarterly Journal of Economics, 87*. https://doi.org/10.2307/1882010.

Sulistiana, I., & Istianingsih. 2018. "Studi Negara Asean Kinerja Corporate Social Responsibility Mediasi Penerapan Good Corporate Governance Terhadap Penghindaran Pajak". *Tirtayasa Ekonomika, 13*: 357-385.

Wulaningrum, R., & Kusrihandayani, D. 2020. *"The Effect of Environmental Disclosure, Environmental Cost, and Profitability on Firm Value". 3*(5): 48–52.

GOOD CORPORATE GOVERNANCE, COMPANY SIZE, AND PROFITABILITY ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE FROM INDONESIAN BANKING

Amelia Novita Salsabila

Department of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Mulyaningtyas

Department of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Email Correspondence: amellnovitasalsa@gmail.com

	ABSTRACT
DOI: **ISBN:**	This study aims to determine the influence of good corporate governance, company size, and profitability on CSR disclosures. The population of this study is banking companies listed on the Indonesia Stock Exchange in 2019-2021. The sampling technique used is a purposive sampling technique and the final sample is 17 banking companies. Data analysis techniques use classical assumption tests and multiple regression analysis. The results of the study found that, from the results of the t-test, it can be concluded that variable of good corporate governance and profitability has no effect on CSR disclosures while company size has a significant effect on CSR disclosures in banking companies. The results of the coefficient of determination (R^2) test showed that the ability of independent variables (good corporate governance, company size, and profitability) in explaining dependent variables (CSR) was 10,8% while the remaining 89,2% was explained by other variables outside the model.

KEYWORDS: Good Corporate Governance, Company Size, Profitability, Corporate Social Responsibility

GOOD CORPORATE GOVERNANCE, COMPANY SIZE, AND PROFITABILITY ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE FROM INDONESIAN BANKING

Introduction

Facing the impact of globalization, advances in information technology and market openness have caused a tight competition among business owners. The development of business activities also affects the environment, especially in the company's operational activities for profit. In making a profit, each company is required to follow market demands. In addition, the company is also required to be responsible for its social environment in society. As a result of these demands, Law number 40 of 2007 concerning Limited Liability Companies was issued which regulates social and environmental responsibility where all companies in the natural resources sector are obliged to carry out their social responsibility.

Social responsibility disclosure is often referred to as social disclosure, corporate social reporting, social accounting , or corporate social responsibility emphasizes the disclosure of company information regarding activities carried out related to social aspects of the impact of company operational activities. According to (Ismainingtyas et al., 2020) CSR can be interpreted as a company's moral responsibility to stakeholders, especially from the community or society around the work area and its operations. From a CSR point of view, the measure of a company's success is to prioritize moral and ethical principles, namely getting the best results without harming other community groups.

In the past five years there has been an increase in public awareness regarding the regulations and responsibilities of a company in the community. Therefore, many companies are starting to carry out disclosure of their social activities. Csr disclosures in Indonesia have been widely carried out by several companies because they are considered a form of concern for the interests of stakeholders. This can be shown from the analysis conducted by ESG Intelligence which explains the number of issuers who have made CSR disclosures to the public in 2019. The results of the analysis explained that of the 668 companies listed on the IDX, which had published a sustainability report, a total of 94 companies with 20 companies coming from the financial sector.

Figure 1. Number of Issuers By Sector That Issued Sustainability Report 2019
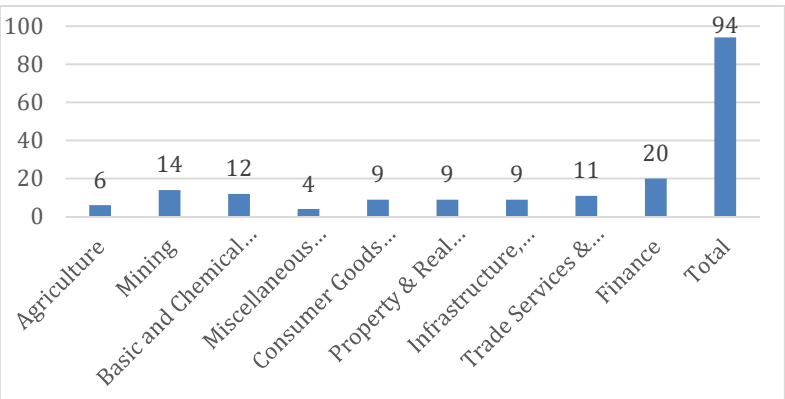
Source: ESG Intelligence, 2022.

GOOD CORPORATE GOVERNANCE, COMPANY SIZE, AND PROFITABILITY ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE FROM INDONESIAN BANKING

The existence of CSR disclosure not only provides social and environmental benefits but will also have a positive impact on the company's image. A well-formed image will give impetus for the company to increase the existence of the company's brand. CSR disclosure is seen as a means of communication between the company and stakeholders to increase its attention to the company. CSR disclosure is one of the efforts made by the company to compensate stakeholders and improve the company's image. This is in line with the theory of legitimacy, namely companies are required to be able to manage their reputation and be responsive to the environment in which they operate, so as to maintain the sustainability of their business and can increase their profits due to increased good impressions in society.

Legitimacy theory is a theory that underlies the disclosure of CSR in a company and has a close relationship with the theory of stakeholders. Stakeholder theory states that a company is an entity that in its operations is not only for its own interests but also obliged to provide benefits for its stakeholders such as shareholders, governments, suppliers, creditors, the public, and other parties outside the company. The existence of a company is greatly influenced by the support provided by stakeholders so that companies must pay attention to the interests of their stakeholders (Rokhlinasari, 2020).

In its implementation the form of social responsibility of banking companies refers to how banking companies manage their finances. According to Mulyanita (2009), the reason financial companies disclose social reporting is because of a paradigm shift in accountability , namely from management to shareholders to management to all stakeholders (Maknuun, 2020). One example of a banking company that carries out CSR is Bank Mandiri which provides assistance to communities affected by the corona outbreak in the form of 120 food packages and basic necessities with a total value of Rp 6 billion. This activity is not just handing over assistance but in its implementation Bank Mandiri also helps drive the microeconomics by involving small stalls and food agents to prepare the assistance. The news, which was written on kompas.com on June 22, 2020, wrote that the aid was distributed to orphanages and nursing homes as well as to communities whose economies were affected by Covid-19.

There are several factors that influence CSR disclosure such as the implementation of good corporate governance in a company, media exposure, number of shareholders, company size, leverage, profitability, and the number of supervisory boards. Good corporate governance, company size, and profitability were the choices in this study.

Good corporate governance is the first factor alleged to have had an effect on CSR disclosure. GCG aims to supervise the performance of a company and regulate and control the company for the improvement of its performance. The principle of GCG that is in line with CSR disclosure activities is the principle of transparency. According to (Susanto & Joshua, 2019) (Susanto & Joshua, 2019) the implementation of GCG and the relaxation of social responsibility are two things that cannot be separated. This has led to quite a lot of research on GCG and CSR disclosure. In this study, GCG was measured by the number of members of the Board of

Commissioners. The duties of the board of commissioners is to supervise and provide advice to the board of directors so that the company implements GCG. The implementation of good GCG in a company will facilitate control of company management in the disclosure of responsibilities social the company. A good control of the company's performance will also produce a good image in society. The results of the research (Hidayati & Suranta, 2018), (Yusran et al., 2018) and (Sihombing et al., 2020) GCG affect CSR disclosure. The better the implementation of GCG in the company, the higher the pressure on company management to express their social responsibility. On the other hand, if the implementation of GCG is not good, the pressure given to company management to disclose corporate social responsibility will also be low. Based on this explanation, H1 is Good Corporate Governance affects Corporate Social Responsibility Disclosure.

The size of the company is the second factor alleged to have had an effect on CSR disclosures. The size of the company is a scale of determining the size of a company which can be seen through the size of total assets, the number of sales and the market value of shares (Putra & Hermawan, 2021). Investors will put more interest in large entities rather than small ones. In accordance with the theory of stakeholders where a large company will have more share ownership, then with a large number of shareholders, greater financial information is needed. A large company usually means having large assets, large sales, many types of products, sophisticated information systems, and a complete ownership structure, so it requires greater disclosure of information. Research (Purwanto, 2019), (Suyatno & Sondakh, 2019) and (Abidin & Lestari, 2020) company size affects CSR disclosure. The larger the company will encourage potential investors to invest shares in the company, if the stock is higher, csr disclosure will also increase. Based on this explanation, H2 it's Company Size affects corporate social responsibility disclosure.

Profitability is the third factor alleged to have had an effect on CSR disclosure. Profitability is the company's ability to profit by proxy return on assets (ROA). ROA describes the ability of company management in using assets for profit (Aji & Hermawan, 2021). ROA is a ratio that describes the ability of a company to make profit from every rupiah of assets used. It is not uncommon for companies to cause negative impacts on the environment and society while maximizing profit. So the company must provide reciprocity to the community as a form of accountability. Companies that have a high level of profitability can allocate their funds for corporate social activities, so the level of disclosure of corporate social responsibility will also be high. By incurring costs for social responsibility, the company will get a good image in society and it will reflect a greater loyalty to consumers. Research (Wulandari & Zulhaimi, 2019) and (Ismainingtyas et al., 2020) profitability affects CSR disclosure. The higher the level of profitability, the higher the social disclosure. Based on this explanation, H3 it's Profitability affects Corporate Social Responsibility Disclosure.

Method

This type of research is causal associative (Bahri, 2018). The population in this study was 44 banking companies listed on the IDX for the 2019-2021 period. Sample selection using purposive sampling technique with the provision that banking sector companies listed on the IDX during the 2019-2021 period, publish annual reports consistently, obtain profits, and present complete information needed as research samples. The final sample number was 17 enterprises. Types of quantitative data in the form of annual reports and banking financial statements on the IDX. Secondary data sources and technique data collection documentation from IDX publications and official websites of each bank. Research variables and their measurements:

1. Corporate social responsibility (CSR) disclosures are calculated using the Global Reporting standard version 4 (GRI 4) with a total disclosure standard of 91 indicators. The measurement technique by scoring is to give a value of 1 for each item disclosed in the annual report and 0 for the item that is not disclosed. Furthermore, the score of each disclosed item is divided by a total of 91 disclosure indicators as per GRI standard 4.
2. Good Corporate Governance (GCG) is proxied by the number of commissioners. The number of boards of commissioners is measured by calculating the total number of boards of commissioners in the company.
3. Company Size is proxied by Ln Total Assets, which is the total number of assets that the company owns in one period.
4. Profitability is proxied by return on assets (ROA), which is by comparing the balance of net profit after tax on the total assets of the company as a whole.

Result

Data normality is a data distribution test by looking at the level of spread below the normal curve or not through the Kolmogorov-smirnov one-sample approach with a statistical test value of 0.094 and a significance of 0.200 > 0.05, then it can be concluded that the residual data is normally distributed (Bahri, 2018).

Table 1. Normality Test

		Unstandardized Residual
N		51
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.03812752
Most Extreme Differences	Absolute	.094
	Positive	.094
	Negative	-.060
Test Statistic		.094
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Processed data, 2022.

Multicollinearity testing using the calculation of the Variance Inflation Factor (VIF) value that the GCG variable measured using the Number of Board of Commissioners is 1,031, the Company Size variable is 1.023, and the Profitability variable is 1.012. The three variables have a VIF value of less than 10 so it can be concluded that there is no multicollinearity between independent variables (Bahri, 2018).

Autocorrelation testing using run test. The results of the run test show that the test value of -0.00769 and the significance value of 0.202 > 0.05, it can be concluded that there is no autocorrelation.

Sperman's rho correlation was used for the heteroskedasticity assay using a significant value of 0.05 with a double-sided assay. The result of the corelation between the variables GCG, Company Size, and Profitability with Unstandardized Residual value has a Significance of Sig.(2-tailed) more than 0.05 and the signification rate of 0.886 > 0.05 so it can be concluded that no heteroskedasticity occurred.

Testing the coefficient of determination of the adjusted value R^2 0.108 or 10.8%. This value shows the ability of independent variables (GCG, company size, and profitability) in explaining dependent variables (CSR) of 10.8% while the remaining 89.2% is influenced by other variables that are not included in this study.

Table 2. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402[a]	.162	.108	.03933

Source: Processed data, 2022.

The magnitude of the determinants of independent and dependent variables is calculated through a multiple regression equation with the result: Corporate social responsibility = 0.473 + (-0.003) good corporate governance + (-0.003) company size + 0.617 profitability.

Table 3. Multiple Linear Regression Analysis Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.473	.035		13.482	.000
	GCG	-.003	.003	-.139	-1.025	.311
	SIZE	-.003	.001	-.276	-2.041	.047
	ROA	.617	.326	.255	1.895	.064
a. Dependent Variable: CSR						

Source: Processed data, 2022.

GCG has a coefficient value of -0.003 and a t-count value of -1.025 with a significance value of 0.311 greater than a = 5% (0.311 > 0.05). This shows that the variable good corporate governance has no effect on corporate social responsibility disclosure, so the hypothesis

proposed, namely *Good Corporate Governance* affects *Corporate Social Responsibility Disclosure,* is rejected. The size of the company has a coefficient value of -0.003 and a t-count value of -2.041 with a significance value of 0.047 less than a = 5% (0.047 < 0.05). This shows that the variable size of the company affects corporate social responsibility disclosure, so the hypothesis proposed, namely *Company Size* affects *Corporate Social Responsibility Disclosure,* is accepted. Profitability has a coefficient value of 0.617 and a t-count value of 1.895 with a significance value of 0.064 greater than a = 5% (0.064 > 0.05). This shows that the profitability variable has no effect on corporate social responsibility disclosure, so the hypothesis proposed, namely Profitability affects *Corporate Social Responsibility Disclosure,* is rejected.

Discussion

The Effect of Good Corporate Governance on Corporate Social Responsibility Disclosure

The test results showed that the variable good corporate governance did not affect corporate social responsibility disclosure. The condition of good corporate governance has no effect on corporate social responsibility disclosure, because the board of commissioners argues that if the company does not disclose its social responsibility, it will not harm the company. The board of commissioners also makes policies regarding the use of profits that are prioritized for the company's operational activities rather than social activities. The Board of Commissioners is more concerned with its supervision of the board of directors in overcoming company problems so as not to put too much pressure on management to make CSR disclosures. The lack of effectiveness of the performance of the board of commissioners causes any number of members of the board of commissioners will not affect the performance of management in company operations including the implementation and disclosure of corporate social responsibility. Therefore, it is necessary to implement good corporate governance that is better for company management in order to carry out its social responsibility. The results of this study support the research (Fahmi, 2019), (Ismainingtyas et al., 2020) and (Khoiriyah & Wirawan, 2021) variable good corporate governance has no effect on the disclosure of corporate social responsibility and is not in line with research (Hidayati & Suranta, 2018), (Yusran et al., 2018) and (Sihombing et al., 2020) which states that good corporate governance affect corporate social responsibility disclosure.

Effect of Company Size on Corporate Social Responsibility Disclosure

The test results show that the company size variable affects corporate social responsibility disclosure. The condition of the size of the company that affects corporate social responsibility disclosure supports the theory of stakeholders who state that large companies will have a larger number of shareholders, then with a large share ownership will require greater financial information. The size of the company affects the disclosure of corporate social responsibility because every large company has a great responsibility to the public and its stakeholders regarding company information, so that the disclosure of financial information and social

activities of the company will increase. Large companies usually have more activities and complexes, so CSR disclosures are carried out by companies to avoid various risks in the future. In addition, large companies show that these issuers are most highlighted by the public, so a wider disclosure of financial information is needed. The larger the company, the higher the initiative in carrying out and expressing its social responsibility. The results of this study support research (Susanto & Joshua, 2019), (Purwanto, 2019) and (Abidin & Lestari, 2020) company size variables affect corporate social responsibility disclosure and are not in line with research (Erwanti & Haryanto, 2017) and (Pare et al., 2017) which state that the size of the company is not affect corporate social responsibility disclosure.

The Effect of Profitability on Corporate Social Responsibility Disclosure
The test results showed that the profitability variable had no effect on corporate social responsibility disclosure. Profitability conditions do not affect corporate social responsibility disclosure, because the profit generated by the company is prioritized for its operational activities and the use for its social activities is smaller. This shows that companies with a high level of profitability do not necessarily allocate their funds to their social and environmental activities, so the level of CSR disclosure carried out is still low. The existence of Law No. 40 of 2007 which regulates social and environmental responsibility, explains that public companies are obliged to carry out their social responsibility, so that the level of profitability does not affect the disclosure of corporate social responsibility in a company. The results of this study support the research conducted (Pare et al., 2017), (Susanto & Joshua, 2019), and (Sya'diyah & Dwiridotjahjono, 2021) profitability variable has no effect on corporate social responsibility disclosure and is not in line with the research (Wulandari & Zulhaimi, 2019) and (Ismainingtyas et al., 2020) which states profitability affects corporate social responsibility disclosure.

Conclusion

Based on the results of the research and discussions that have been described, it can be concluded that good corporate governance and profitability have no effect on corporate social responsibility disclosure while the size of the company has a significant effect on corporate social responsibility in banking companies listed on the IDX for the 2019-2021 period. The limitations and suggestions in this study are as follows:

1. The population is only limited to banking sub-sector companies listed on the IDX so the findings cannot be generalized. For researchers can subsequently use sector companies.
2. The research period taken is only 3 years, namely from 2019 to 2021, so that subsequent researchers are expected to increase the period or period to increase the validity of the test results.
3. The independent variable is limited because it is only based on 3 variables, namely good corporate governance which is proxied by the number of members of the board of commissioners, company size, and profitability. This allows other faktors who actually have

a greater influence on corporate social responsibility disclosurse to be overlooked. It is hoped that researchers will then add other variables such as institutional ownership, managerial ownership, and media exposure.

Reference

Abidin, Jaenal, and Siska Anggun Lestari. 2020. "Pengaruh Ukuran Perusahaan Dan Ukuran Komite Audit Terhadap Pengungkapan Corporate Social Responsibility." *Owner* 4(1):48. doi: 10.33395/owner.v4i1.214.

Aji, Krisna Bayu, and Aditya Hermawan. 2021. "Factors That Affect Good Corporate Governance." *International Journal of Educational Research & Social Sciences* 747–56.

Bahri, Syaiful. 2018. *Metodologi Penelitian Bisnis Lengkap Dengan Teknik Pengolahan Data SPSS*. edited by E. Risanto. Yogjakarta: Penerbit ANDI.

Erwanti, Yulinia, and Haryanto Haryanto. 2017. "Pengaruh Ukuran Perusahaan, Profitabilitas, Dewan Komisaris, Komite Audit Dan Kualitas Audit Berpengaruh Terhadap Pengungkapan Informasi Pertanggungjawaban Sosial." *Diponegoro Journal of Accounting* 6(4):1–14.

Fahmi, Muhammad. 2019. "Pengaruh Karakteristik Perusahaan Terhadap Pengungkapan Corporate Social Responsibility Pada Perusahaan Consumer Goods Yang Terdaftar Di Bursa Efek Indonesia." *Jurnal Riset Akuntansi Dan Bisnis* 19(1):26–39. doi: 10.30596/jrab.v19i1.3322.

Hidayati, A. F., and Sri Suranta. 2018. "Pengaruh Corporate Governance Terhadap Corporate Social Disclosure Pada Sektor Perbankan Konvensional Di Indonesia Tahun 2013-2017." *Jurnal Akuntansi Dan Manajemen …* 6(2):193–210.

Ismainingtyas, Berty, Bambang Suryono, and Wahidahwati. 2020. "Faktor-Faktor Yang Mempengaruhi Pengungkapan Corporate Social Responsibility." *Jurnal Liabilitas* 3(1):56–76. doi: 10.54964/liabilitas.v3i1.32.

Khoiriyah, Yaumil, and Refysha Syafilia Wirawan. 2021. "Pengaruh Good Corporate Governance Dan Kinerja Lingkungan Terhadap Corporate Social Responsibility." *JEMBATAN (Jurnal Ekonomi, Manajemen, Bisnis, Auditing, Dan Akuntansi)* 6(1):91–100. doi: 10.54077/jembatan.v6i1.56.

Maknuun, Lu'lu;il. 2020. "Pengaruh Karakteristik Perusahaan Terhadap Pengungkapan Corporate Social Responsibility." *Jurnal Akuntansi* 10(1):93–104. doi: 10.33369/j.akuntansi.10.1.93-104.

Pare, Yormi Karto, Jullie J. Sondakh, and Jenny Morasa. 2017. "Pengaruh Karakteristik Perusahaan Terhadap Pengungkapan Corporate Social Responsibility Pada Perusahaan Perbankan Konvensional Di Indonesia." *Jurnal Riset Akuntansi Dan Auditing "Goodwill"* 8(2):317–29. doi: 10.35800/jjs.v8i2.18631.

Purwanto, Agus. 2019. "Pengaruh Tipe Industri, Ukuran Perusahaan, Profitabilitas, Terhadap Corporate Social Responsiblity." *Universitas Diponegoro* 8(1):12–29.

Putra, Yudha Dwitama, and Aditya Hermawan. 2021. "Factors Affecting Quality of Profit in Indonesia Retail Trade Sub-Sector Companies." *International Journal of Educational Research & Social Sciences* 844–56.

Rokhlinasari, Sri. 2020. "Teori –Teori Dalam Pengungkapan Informasi Corporate Social Responbility Perbankan." *Teori-Teori Dalam Pengungkapan CSR Perbankan* 274–82.

Sihombing, Tio Sandi Boy, Herlina Banjarnahor, Winda Alfionita, and Arisandy Deasy Aruan. 2020. "Pengaruh Kepemilikan Institusional, Ukuran Dewan Komisaris, Ukuran Perusahaan, Dan Ukuran Komite Audit Terhadap Pengungkapan CSR." *Jurnal Edukasi* 8(32):73–92.

Susanto, Yulius Kurnia, and Daves Joshua. 2019. "Pengaruh Tata Kelola Perusahaan Dan Karakteristik Perusahaan Terhadap Pengungkapan Tanggung Jawab Sosial Perusahaan." *EKUITAS (Jurnal Ekonomi Dan Keuangan)* 2(4):572–90. doi: 10.24034/j25485024.y2018.v2.i4.4036.

Suyatno, and Jullie J. Sondakh. 2019. "Analisis Pengaruh Karakteristik Perusahaan Terhadap Pengungkapan Corporate Social Responsibility (CSR) Pada Laporan Tahunan Perusahaan Manufaktur Sektor Barang Konsumsi Yang Go Public Di Bursa Efek Indonesia (BEI)." *Jurnal Riset Akuntansi Dan Auditing "Goodwill"* 10(2):67. doi: 10.35800/jjs.v10i2.24919.

Sya'diyah, Khotimatus, and Jojok Dwiridotjahjono. 2021. "Pengaruh Karakteristik Perusahaan Terhadap Corporate Social Responsibility Disclosure (CSRD) Pada Perusahaan Perbankan Yang Terdaftar DI BEI Periode Tahun 2013-2019." *Jurnal Revolusi Indonesia* 2(1):21–30.

Wulandari, Sari, and Hanifa Zulhaimi. 2019. "Pengaruh Profitabilitas Terhadap Corporate Social Responsibility Pada Perusahaan Manufaktur Dan Jasa Yang Terdaftar Di Bursa Efek Indonesia Corporate Social Responsibility Atau Pengolahan Lingkungan Hidup (Proper) Merupakan Program Kementrian Lingkungan." *Jurnal Riset Akuntansi Dan Keuangan* 5(1):1477–88.

Yusran, Izza Ariqah R., Farida Titik Kristanti, and Wiwin Aminah. 2018. "Pengaruh Indikator Good Corporate Governance Terhadap Corporate Social Responsibility Disclosure." *E-Proceeding of Management* 5(1):621–27.

SUSTAINABILITY REPORT DISCLOSURE THROUGH CORPORET GOVERNANCE, MANAGERIAL OWNERSHIP AND COMPANY CHARACTERISTICS

Meyta Ajeng Dyan Pratiwi

Accounting, Institut Asia Malang, Indonesian

Murtianingsih,SE.,MM

Accounting, Institut Asia Malang, Indonesian

Email Correspondence: meytaajeng661@gmail.com

ABSTRACT

Companies that sustainability reports discloser are increasing than ever before. This study aims to examine the effect of corporate governance, managerial ownership, company characteristics on the disclosure of sustainability reports. The research population is conventional banking companies listed on the IDX (Indonesian Stock Exchange) in 2019-2021. The sample selection in this study used purposive sampling method. Based on the purposive sampling method, the number of companies that disclose sustainability reports are 15 companies. The analytical tool to examine the hypothesis is multiple regression analysis using the SPSS 26 program. The results of the study show that corporate governance and managerial ownership have no effect on the disclosure of the sustainability report, while the characteristics of the company affect the disclosure of the sustainability report.

KEYWORDS : Corporate Governance, managerial ownership, company characteristics, Sustainability Reports discloser

Introduction

The development of the economic sector that supports the smooth running of economic activity, especially the banking sector in Indonesia, is very interesting to observe. Banking companies are one of the sectors that are in demand by investors because this sector is one of the sectors that survives in the midst of the Indonesian economic conditions. (financial Services Authority, 2017).

The banking sector company was chosen because it plays an important role in meeting the needs of the community in terms of transactions. The tendency of the Indonesian people to conduct transactions has caused many new companies to appear in Indonesia in the banking sector because they consider the banking sector to have profitable prospects both now and in the future. The main reason for a company is to increase the prosperity of the shareholders. The way to increase it is by measuring the risks or opportunities of the company itself by using sustainability disclosures (sustainability report). The banking sector has become one of the investors' choices for investment in the capital market in the last three years, this can be proven by the sectoral index which has always increased in the last three years. The banking sector companies listed on the Indonesia Stock Exchange are 47 companies.

Disclosure of the sustainability report is the investor's perception of the level of success of a company. Many investors think that the sustainability report is a measure of the company's level of success in managing resources at the end of the current year. The practice of sustainability reports disclosures is based on stakeholder theory and legitimacy theory (Dowling and Pfeffer, 1975) in (Permatasari et al., 2019). Stakeholder theory explains that the company will try to disclosures mandatory or voluntary information, so that stakeholders continue to put their trust in the company. Disclosures of information that is mandatory is financial statements. Meanwhile, voluntary disclosures such as sustainability reports are needed by stakeholders who have or do not affect the company's economic activities (R.Edward Freeman, 1984) in (Alfaiz & Aryati, 2019). Through the disclosure of sustainability reports (social and environmental disclosures) the company can provide more sufficient and complete information related to activities and their effects on the social conditions of society and the environment. (Ghozali and Chariri,2007) in (accounting et al., 2021).

Sustainability reports disclosures has other factors, namely managerial ownership, managerial ownership is a condition that indicates that the manager has shares in the company or the manager is also a shareholder of the company (Rustiarini, 2017). Managerial ownership is a condition that indicates that the manager has shares in the company or the manager is also a shareholder of the company (Rustiarini, 2017). This is indicated by the large percentage of share ownership by the company's management. Managers who own company shares will of course align their interests as managers with their interests as shareholders. The greater the managerial ownership in the company, the more productive the manager's actions in

maximizing the value of the company. (Fama & Jensen, 2005) stated that the higher the level of management ownership, the higher the motivation to disclose the company's activities. The company's activities are in the form of disclosure of a sustainability report. This is in line with (Nurrahman & Sudarno, 2017) which says that larger managerial share ownership has a greater potential to disclose sustainability reports compared to research (Samiadji Huda Setyawan, Willy Sri Yuliandari, 2018) which says managerial ownership has no effect on the sustainability report disclosures.

Sustainability reports disclosures has other influencing factors, namely company characteristics, company characteristics are characteristics or characteristics inherent in a business entity that can be seen from several aspects, including type of business or industry, ownership structure, level of liquidity, level of profitability, size of the company in the study. (Safitri & Saifudin, 2019) revealed that the company's characteristics have a positive effect on the disclosure of the sustainability report. The ratio in the characteristics of this company is the size of the company. Company size is the size or amount of assets owned by the company. The size of the company is considered to be able to increase the disclosure of the sustainability report because the larger the company is considered to be able to increase the disclosure of the sustainability report, because the larger the company, the more shares are sought after by investors and the wider the disclosure of the sustainability report to attract investors as well as to make it easier for commissioners to assess the performance of their own company. . Company size describes the size of a company as indicated by total assets, total sales, average total sales and average total assets. Large companies have large total assets so that the company is able to optimize the company's performance with the assets it owns so as to increase the sustainability reports disclosures. Company size is a picture of a company that shows the company's success which can be reflected in the total assets owned by the company. The size of the company can affect the disclosure of the sustainability report because the larger the company, the clearer the disclosure of the sustainability report. Meanwhile, according to research (Aziz, 2018) says that the characteristics of the company have no effect on the sustainability report disclosures.

Based on the empirical facts that have been described above, the formulation of the problem in this study includes:

1. What is the effect of corporate governance on the disclosure of the sustainability report?
2. What is the effect of managerial ownership on sustainability report disclosure?
3. What is the effect of the company's characteristics on the disclosure of the sustainability report?.

Methods
Types of research

The type of research used is causal associative research. This study analyzes the relationship between corporate governance, managerial ownership, and company characteristics as

independent variables to determine their effect of sustainability reports disclosures as the dependent variable.

Population and Sample

The population of this study is the conventional banking companies listed on the Indonesia Stock Exchange (IDX) as many as 42 companies. In this study, samples were taken using non-probability sampling with purposive sampling method. Purposive sampling is done by taking samples based on certain criteria with the aim of providing maximum information (Bahri, 2018) The sample selection criteria are conventional banking companies listed on the Indonesia Stock Exchange in 2019-2021, conventional banking companies that experience losses in 2019-2021, conventional banking companies that claim profits in 2019-2021, conventional banking companies that do not consistently disclose sustainability reports and Conventional banking companies that consistently disclose sustainability reports. Based on the criteria and sample selection procedures, 45 banking companies in 2019-2021 were obtained in this study.

Data Types and Sources

The type of data in this research is quantitative data in the form of numbers or numbers. These data are annual reports and sustainability reports of banking companies listed on the IDX for the 2019-2021 period. The data source of this study is secondary data (cross section) which aims to determine the effect of corporate governance, managerial ownership and company characteristics on the disclosure of sustainability reports.

Operational definition

The operational definition of variables is a description of the indicators of each variable and can be explained in the form of tables or narratives (Bahri, 2018). The operational definition in this study refers to several empiricists which are summarized in table 1.

SUSTAINABILITY REPORT DISCLOSURE THROUGH CORPORET GOVERNANCE, MANAGERIAL OWNERSHIP AND COMPANY CHARACTERISTICS

Table 1. Variable Operational Definition

Variable	Operational definition	Reference Source
Sustainability report Disclosures	The dependent variable (bound) is a variable whose existence is influenced or becomes a result, because of the independent variable. Sustainability report disclosure formulated with sustainability report disclosure index (SRDI). $$\text{SRDI} = \frac{Jumlah\ item\ yang\ diungkapkan}{Jumla\ \ item\ yang\ diharapkan}$$	(Bahri, 2018)
Coporate Governance	*Corporate governance can be seen as a set of rules that apply to the company which further shows the relationships between managers and shareholders. Corporate governance is formulated using the size of the board of commissioners. Size of the Board of Commissioners = Number of the Board of Commissioners*	(Hasanah et al., 2017)
Managerial ownership	Managerial ownership is a condition that indicates that the manager has shares in the company or the manager is also a shareholder of the company. Managerial ownership is measured using managerial ownership. MWON = $\frac{Jumlah\ Kepemilikan\ Manajerial}{Jumlah\ Saham\ Beredar}$ X100%	(Rustiarini, 2017).
Company characteristics	Company characteristics are characteristics or characteristics inherent in a business entity that can be seen from several aspects, including type of business or industry, ownership structure, level of liquidity, level of profitability, company size. The characteristics of the company using the ratio of the	(Krisyadi & Elleen, 2020).

company size calculation. Company
size = Size : Ln total assets

Data Source: Empirical Study

Conceptual Framework

The conceptual framework that describes the relationship between variables in this study can be described as follows:

Figure 1 Conceptual Framework
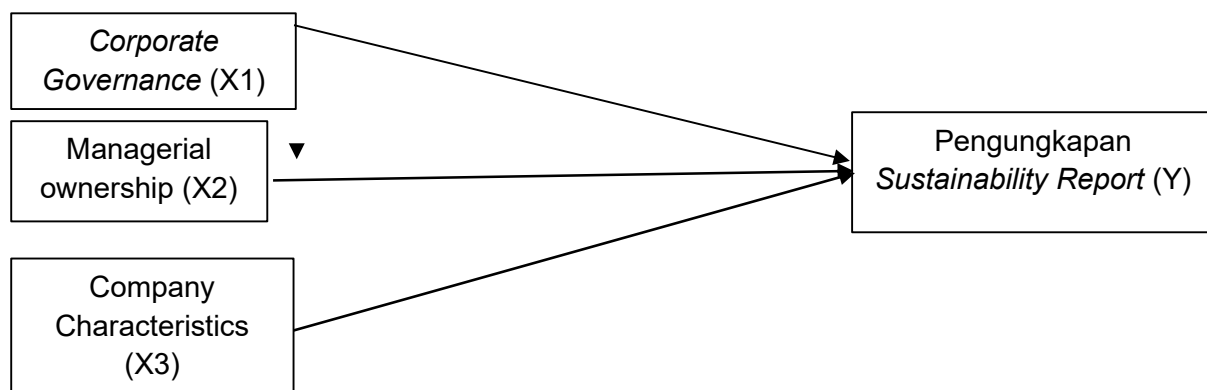
Based on Figure 1, the hypotheses of the study include:

H1 : *corporate governance has a positive effect sustainability reports disclosure*

H2 : managerial ownership has a positive effect *sustainability reports disclosure*

H3 : company characteristics have a positive effect *sustainability reports disclosure*

Data Analysis Techniques and Hypothesis Testing

In this study using the classical assumption test, namely normality test, multicolonoerity test, heteroscedasticity test, and correlation test. In addition to using the classical assumption test, it also uses multiple analysis techniques, the coefficient of determination test and hypothesis testing.

Data Normality Test

The approach used to test the normality of the data is the One-Sample-Kolmogorov-Smirnov test method. Decision making guidelines:

1. The value of sig 0.05, the distribution is not normal.
2. The value of sig 0.05, the distribution is normal.

Multicollinearity Test

Multicollinearity Test In the multicollinearity test to find out whether a regression model has symptoms of multicollinearity, it can be seen in the value of the variance inflation factor (VIF).

The results of the calculation of the VIF value 10, the regression model is said to be good and there are no symptoms of multicollinearity. Eritas

Heteroscedasticity Test

Heteroscedasticity was tested using the spearman's rho method. Spearman's rho correlation is to correlate the independent variable with the residual. The test uses a significant level of 0.05 with a 2-sided test. If the correlation between the independent variables and the significance level of the ratio is more than 0.05, then it is said that there is no heteroscedasticity.

Autocorrelation Test

The tool used to test the autocorrelation using run test. The test criteria are significant values < 0.05, autocorrelation occurs and if significant values are > 0.05, there is no autocorrelation.

Multiple Regression Analysis

Multiple Linear Regression hypothesis testing is used to determine how the influence of independent variables on the dependent variable. Testing the research hypothesis using multiple regression models.

Coefficient of Determination Test

The level of accuracy of the regression is expressed in the coefficient of multiple determination (R^2) whose value is between 0 to 1. A value close to 1 means that the independent variable provides almost all the information needed to predict the variation of the independent variable.

Hypothesis testing

The t-test is used to test the hypothesis of the influence of individual independent variables on the dependent variable.

Result

Table 1 Data Normality Test One –Sample Kolmogorov-Smirnov Test

→ **NPar Tests**

One-Sample Kolmogorov-Smirnov Test

		Unstandardiz ed Residual
N		42
Normal Parameters[a,b]	Mean	0000000
	Std. Deviation	03039305
Most Extreme Differences	Absolute	.120
	Positive	.103
	Negative	-.120
Test Statistic		.120
Asymp. Sig. (2-tailed)		.134[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

The normality test of the data used the one Sample Kolmogorov-Smirnov test. Based on table one Sample Kolmogorov-Smirnov/Test statistic is 0.120 with a significance level of 0.134. The significance value is 0.134 > 0.05, it can be concluded that the residual data is normally distributed and can meet the assumption of normality.

Table 2 Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.137	.508		.271	.788		
	CorporateGovernance	-.075	.066	-.250	-1.137	.263	.501	1.996
	KepemilikanManajerial	.053	.042	.212	1.275	.210	.875	1.143
	KarakteristikPerusahaan	.146	.094	.350	1.554	.129	.474	2.109

The results of the multicollinearity test show that the VIF value of the corporate governance variable is 1.996, the managerial ownership variable is 1.143 and the firm characteristic variable is 2.109. The three variables have a VIF value of less than 10 so it can be concluded that there is no multicollinearity between the independent variables.

Table 3 Heteroscedasticity Test

Correlations

			CorporateGovernance	Kepemilikan Manajerial	KarakteristikPerusahaan	Unstandardized Residual
Spearman's rho	CorporateGovernance	Correlation Coefficient	1.000	-.156	.684**	-.036
		Sig. (2-tailed)	.	.324	.000	.820
		N	42	42	42	42
	KepemilikanManajerial	Correlation Coefficient	-.156	1.000	-.405**	.147
		Sig. (2-tailed)	.324	.	.008	.353
		N	42	42	42	42
	KarakteristikPerusahaan	Correlation Coefficient	.684**	-.405**	1.000	-.124
		Sig. (2-tailed)	.000	.008	.	.434
		N	42	42	42	42
	Unstandardized Residual	Correlation Coefficient	-.036	.147	-.124	1.000
		Sig. (2-tailed)	.820	.353	.434	.
		N	42	42	42	42

**. Correlation is significant at the 0.01 level (2-tailed).

The results of the correlation between the variables of corporate governance, managerial ownership, company characteristics with Unstandardized Residual values have a Sig. (2-tailed) Significance of more than 0.05 so it can be concluded that there is no heteroscedasticity.

Table 4 Autocorrelation Test

Runs Test

	Unstandardized Residual
Test Value[a]	.00024
Cases < Test Value	20
Cases >= Test Value	21
Total Cases	41
Number of Runs	24
Z	.637
Asymp. Sig. (2-tailed)	.524

a. Median

The results of the run test show that the significance value is 0.524 > 0.05, so it can be concluded that there is no autocorrelation.

Table 5 Coefficient of Determination Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.288^a	.083	.011	.03157

Based on the table, the R2 number is 0.11 or 1.1%. This shows that corporate governance, managerial ownership, company characteristics have an influence on the disclosure of sustainability reports by 1.1% while the remaining 99.9% is influenced by other variables not included in this study.

Table 6 Multiple Regression Analysis and Hypothesis Testing

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	.728	.267		2.722	.010
	CorporateGovernance	.037	.035	.224	1.070	.291
	KepemilikanManajerial	-.027	.022	-.194	-1.225	.228
	KarakteristikPerusahaan	-.127	.049	-.551	-2.558	.015

The multiple linear equation is as follows: disclosure of sustainability report = 0.728 +0.37 corporate governance + (-0,27) managerial ownership + (-0.127) company characteristics. The results of the t table are found to be 1,681 and the conclusions of the t test are as follows:

a. Corporate governance variables

The tcount value is 1.070 < 1.681 ttable with a significance value of 0.291 > 0.05. This value shows that corporate governance has a negative effect on the disclosure of sustainability reports

b. Managerial Ownership Variables

The tcount value is 1.225 < 1.681 ttable with a significance value of 0.228 > 0.05. This value indicates that managerial ownership has no effect on the disclosure of the sustainability report.

c. Company characteristic variables

The tcount value is -2.558 > 1.681 ttable with a significance value of 0.015 <0.05. This value indicates that the characteristics of the company have a significant negative effect on the disclosure of the sustainability report.'

Discussion

The results of the study can be seen that the first hypothesis of corporate governance has no effect on the disclosure of sustainability reports so that the first hypothesis is rejected. This is

in line with research (Adhipradana & Daljono, 2018) which says that corporate governance has no effect on the disclosure of sustainability reports and is contrary to research (Kumaat, 2017) which says that corporate governance affects the disclosure of sustainability reports. Banking companies definitely want large profits or profits from their operational activities, in other words the company does not want losses so that shareholders also take part in improving the company, the more shareholders, the more people who supervise the company's operations properly. Good corporate governance can encourage organizational management that is more democratic (participation of many interests), more accountable (there is accountability for every action), and is more transparent and will increase confidence that the company can provide long-term benefits.

The second hypothesis of this research is managerial ownership, the results of data analysis state that managerial ownership has no effect on the disclosure of sustainability reports so that the second hypothesis is rejected. This is supported by research (Samiadji Huda Setyawan, Willy Sri Yuliandari, 2018) which contradicts research (Nurrahman & Sudarno, 2017) which says that managerial ownership has a positive effect on sustainability report disclosure. The existence of managerial ownership in banking companies shows the alignment of interests between managers with shareholders. Managers who act as shareholders will also reduce agency costs and try to increase company wealth so that company performance will also increase.

The third hypothesis of this research is company characteristics, the results of data analysis state that company characteristics have a significant negative effect on sustainability report disclosure. This is because the company's characteristics have a company size ratio, company size is measured using the calculation of the logarithmic value of total assets, the greater the total assets in the banking sector company. the bigger the size of the company and the bigger the size of the company, it turns out that the more unsustainable the banking company is in disclosing the sustainability report because the sustainability report is voluntary (voluntary disclosure) which is carried out voluntarily by the company without being required by applicable regulations or disclosures that exceed those required.

Conclusion

This research shows that the results of the company's characteristics have a positive effect on the disclosure of sustainability reports, while corporate governance and managerial ownership have no effect on the disclosure of sustainability reports in conventional banking companies listed on the IDX for the 2019-2021 period. With this research, it is hoped that the government should require companies listed on the IDX to publish sustainability reports to enable companies to consider the impact on various sustainability issues. The theoretical benefit of this research is that it can be used as a source of further research as a source of information and a means of knowledge for the community.

This study has a limited number of samples so that the empirical test is less accurate. In addition, this study only uses three variables of corporate governance, managerial ownership, and company

characteristics only have an effect of 1.1% d while the remaining 98.9% is influenced by other variables that are not included in this study. Suggestions that can be given for further research are expected to be able to add and expand the object of research and add variables as well as add years of research so that the empirical carried out is higher and more accurate, besides that it can look for other data sources that are more complete regarding sustainability reports disclosures.

Reference

Adhipradana, F., & Daljono. 2018. "Pengaruh Kinerja Keuangan, Ukuran Perusahaan dan Corporate Governance Terhadap Pengungkapan Sustainabillity Report". *Diponegoro Journal of Accounting*, *2*: 1–10.

Alfaiz, D. R., & Aryati, T. 2019. "Pengaruh Tekanan Stakeholder Dan Kinerja Keuangan Terhadap Kualitas Sustainability Report Dengan Komite Audit Sebagai Variabel Moderasi". *Jurnal Akuntansi Dan Keuangan Methodist*, *2*(2): 112–130.

Aziz, A. 2018. "Analisis pengaruh good corporate governance terhadap kualitas sustainability report (studi empiris pada perusahaan di indonesia periode tahun 2011-2012)". *Jurnal Audit Dan Akuntansi Fakultas Ekonomi Universitas Tanjungpura*, *3(2)*: 65–84. https://doi.org/10.1017/CBO9781107415324.004.

Bahri, S. 2018. *Metodologi Penelitian Bisnis-Lengkap dengan Teknik Pengolahan Data SPSS*.

Fama, E. F., & Jensen, M. C. 2005. "Agency Problems and Residual Claims". *SSRN Electronic Journal*, *26*(2): 327–349. https://doi.org/10.2139/ssrn.94032.

Krisyadi, R., & Elleen, E. 2020. "Analisis Pengaruh Karakteristik Perusahaan dan Tata Kelola Perusahaan terhadap Pengungkapan Sustainability Report". *4*(1): 16. https://doi.org/10.37253/gfa.v4i1.753.

Kumaat, L. C. 2017. "Corporate Governance dan Struktur Kepemilikan Terhadap Manajemen Laba dan Kinerja Keuangan". *Jurnal Keuangan Dan Perbankan*, *17*(1): 11–20.

Nurrahman, A., & Sudarno. 2017. "Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, Dan Kepemilikan Asing Terhadap Praktik Pengungkapan Sustainability Report". *Diponegoro Journal of Accounting*, *2*(1): 1–14.

Otoritas Jasa Keuangan. 2017. *Lembaga Perbankan*.

Permatasari, M. P., Luh, N., & Setyastrini, P. 2019. "Pengungkapan Tanggung Jawab Sosial Perusahaan Ditinjau Dari Teori Legitimasi dan Teori Stakeholder". *Jurnal Akuntansi Dan Perpajakan*, *5*(1): 1–03.

Rustiarini, N. W. 2017. "Pengaruh Struktur Kepemilikan Saham Pada Pengungkapan Corporate Social Responsibility". *Jurnal Ilmiah Akuntansi Dan Bisnis*, *6*(1): 1–24.

Safitri, M., & Saifudin. 2019. "Implikasi Karakteristik Perusahaan dan Good Corporate Governance Terhadap Pengungkapan Sustainability Report". *Jurnal Bingkai Ekonomi*, *4*(1): 13–25.

samiadji Huda Setyawan, Willy Sri Yuliandari, W. A. 2018. (Pengaruh Kepemilikan Manajerial,Kepemilikan Institusioanal,Dan Dewan Komisaris Indepen Terhadap Pengungkapan Sustainability Pengungkapan Sustainability

GROWTH OPPORTUNITY, NET WORKING CAPITAL AND INVESTMENT OPPORTUNITY SET TO CASH HOLDING: WHOSALE TRADING COMPANY

Wildania Avinda

Department of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Pipit Rosita Andarsari

Department of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Email Correspondence: avindawildania497@gmail.com

ABSTRACT

This study aims to determine the effect of growth opportunity, investment opportunity set, net working capital, and cash conversion cycle on cash holding in wholesale trading companies for the period 2020-2021. The sample in this study was obtained by using purposive sampling method. Based on the criteria that have been determined there are 36 companies that become the research sample. The data used in this study uses secondary data in the form of financial statements obtained from the IDX website. The data analysis technique used is hypothesis testing and multiple linear regression analysis. The results of the hypothesis test show that the growth opportunity variable and the net working capital variable have a significant effect on cash holding. Investment opportunity set has no significant effect on cash holding.

KEYWORDS: Growth Opportunity, Net Working Capital, Investment Opportunity Set, Cash Holding

Introduction

Cash is one of the current assets that is very liquid and the higher the amount of cash, the more liquid the cash in the company (Martini, 2012). Cash is used to pay off short-term liabilities and is also used to support the smooth operation of the company so that cash plays an important role in meeting the company's financial obligations in the short and long term.

Cash holding is an important asset in every company that gets the main attention of managers, investors, and financial analysts (Maya Sari & Ardian, 2019). Determining the maximum level of cash holding is very important for a company because cash holding that is too high will result in the company losing the opportunity to invest or get a return, while low cash holding can result in disruption of the company's operational activities and difficulties in paying off its debts.

In general, a company's financial crisis can occur due to the company's negligence in paying attention to its liquidity. Risk from liquidity can be minimized, one of which is by estimating the amount of cash holding through precise calculations so that the company can continue to meet the company's operational fund needs and can maintain liquidity. Many factors are thought to affect the amount of cash in a company, but this study only focuses on factors, namely growth opportunity, net working capital (working capital) and investment opportunity set (IOS). These factors are thought to determine the amount of funds needed by the company to pay its obligations and describe the company's ability to meet needs.

According to (Saputri & Kuswardono, 2019) growth opportunity has a goal, namely to measure the company's ability to maintain its position in economic growth and in the industry. Based on the results of research (Maxentia et al., 2022), (Abbas et al., 2020) and that growth opportunity affects cash holding. However, in studies (Maghfiroh et al., 2022) and (Alicia et al., 2020) that growth opportunity has no effect on cash holding.

Working capital can be interpreted as an investment invested in current assets or short-term assets such as cash, banks, securities, receivables, inventories. Another name for net working capital is net working capital or often associated with working capital. In the research of (Wulandari & Setiawan, 2019), (Juardi et al., 2021), (Najema & Asma, 2019), (Darmawan & Nugroho, 2021) that net working capital has a positive effect on cash holding but in research (Saputri & Kuswardono, 2019) net working capital has a negative effect on cash holding.

Investment opportunity set can affect the cash in the company. The investment opportunity set, which is often abbreviated as IOS, describes investment opportunities for a company, but it all depends on the company's choice of spending in the future. Research (Gunawan & Oktaviani, 2021), (Rosyidah & Santoso, 2018) that the investment opportunity set has an influence on cash holding.

Based on the differences in the results of previous studies, the researcher wants to re-examine the factors that affect cash in the company. This study aims to determine and analyze the

variables of growth opportunity, net working capital, and investment opportunity set on cash holding in wholesale trading companies listed on the Indonesia Stock Exchange in 2020-2021.

Cash Holding

Cash Holding can be interpreted as cash held by a company in the form of cash stored in a safe place. Cash owned by the company has an important role to meet the company's operational needs and short-term savings if at any time the company needs cash.

According to Keynes in (Horne & Wachowicz, 2012) 3 motives for maintaining cash (cash or deposits in banks):

1. Transaction motive
   Because cash inflows are not the same as cash outflows, it is necessary to have cash for business transactions such as: paying labor wages, taxes, dividends, and procurement of supplies.
2. Precautionary motive
   Uncertainty about future cash flows and the company's ability to borrow to increase the need for funds.
3. Speculative motives
   The need for cash to earn profits due to changes in the price of securities. If the interest rate falls, cash can be invested in securities, the company will profit by decreasing interest rates and increasing the price of securities.

There are three kinds of formulas used to calculate cash holding.

1. The formula for calculating the cash holding carried out by (Lin et al., 2021).

$$\text{Cash Holding} = \frac{\text{cash + cash equivalents}}{\text{total assets}} \quad\quad\quad 1$$

2. The formula for calculating the cash holding carried out by (Maxentia et al., 2022)

$$\text{Cash Holding} = \frac{\text{cash + cash equivalents}}{\text{total assets}} \times 100\% \quad\quad\quad 2$$

3. The formula for calculating the cash holding carried out by (Hengsaputri & Bangun, 2020)

$$\text{Cash Holding} = \frac{\text{cash + cash equivalents}}{\text{total assets} - \text{cash and cash equivalents}} \quad\quad\quad 3$$

but in this study to calculate the amount of cash holding a company refers to the formula used by (Lin et al., 2021).

Growth Opportunity

Growth opportunity is a ratio to measure how big the company's ability to maintain its position in operations and in global economic development (Alicia et al., 2020). Growth opportunity is highly expected by a company because it can provide benefits for many internal and external parties of the company. Growth opportunity can be seen from the increase in total assets owned by the company. The greater the expected assets, the greater the resulting operational

results. An increase in assets followed by an increase in operating results will further increase the confidence of outsiders in the company. If the trust from outsiders increases, the company's efforts to increase debt become easier, resulting in a larger proportion of debt than its own capital.

The formula used to calculate growth opportunity in this study is based on measurements made by (Abbas et al., 2020):

$$GO\ \frac{\text{Total Assets Year i} - \text{Total Assets Year i} - 1}{\text{Total Assets Year i}} \quad\text{------------------------} \quad 4$$

Net Working Capital

Net working capital is part of current assets that can be used to finance the company's operational costs without disturbing the company's liquidity. Therefore, working capital must be used ideally in order to meet the need for working capital in the sense that it can meet the company's operational needs (Sari & Hastuti, 2020).

Another name for net working capital is net working capital or often referred to as working capital. Working capital is the excess of current assets over short-term debt. The components of current assets include cash and cash equivalents, receivables, inventories, and other current assets. Net working capital is essentially a substitute for cash. As a result, companies with large net working capital tend to hold little cash.

In this study, the formula used to calculate net working capital is based on measurements made by (Darmawan & Nugroho, 2021):

$$NWC\ \frac{\text{Current Assets} - \text{Current Liability}}{\text{Total Assets}} \quad\text{------------------------} \quad 5$$

Investment Opportunity Set

Investment opportunity set is an investment decision that combines the assets owned and the choice to make investments in the future. A high level of investment opportunity set will create demand for a high supply of cash, but companies that have a large investment opportunity set will have higher costs if the company goes bankrupt (Monica & Suhendah, 2020). The greater the investment opportunity of a company, the smaller the level of dividend payments. Because increasing the company's growth will require relatively large funds.

According to Kallapur and Trombley in (Hartono, 2017) investment opportunity sets are divided into several types, that is:

1. Price based proxy

   This price-based IOS proxy is a profitable proxy for the company and the best for the company's performance because it describes the company's past performance and prospects in the future. The price proxy is based on differences in assets and the company's market value, therefore the price-based proxy on IOS is highly dependent on stock prices. IOS based on the price will be in the form of a ratio as a measure of the assets owned and on the value of the company. Which are price-based IOS proxies include:

   a. Market to book value of equity

   b. Market to book value of asset

    c. Tobin's q

    d. Earning to price

    e. Return on equity

2. Investment based proxy

Investment-based IOS proxies are proxies that believe in the idea that a high level of Investment activity is positively related to the IOS value of a company. Companies with high IOS will also have the same high level of investment. Which is an investment-based IOS, that is:

    a. Rasio capital expenditure to book value of asset

    b. Rasio capital expenditure to market value of asset

    c. Investment to net sales ratio

3. Variant-based IOS proxy

This variance-based IOS proxy is based on the idea that options will be more valuable as the variability of returns is based on asset enhancement. Which is a variant based IOS proxy, that is:

    a. Variance of total return

    b. Market model Beta

In research (Gunawan & Oktaviani, 2021) the investment opportunity set is measured by sales growth, which is the ratio used to measure how much the company's ability to maintain its position in the industry and economy is.

$$Sales\ Growth\ \frac{Net\ sales\ t-net\ sales\ t-1}{Net\ sales\ t-1} \dashrightarrow 6$$

In this study, to measure the value of the investment opportunity set, it refers to the formula used by (Gunawan & Oktaviani, 2021).

The Effect of Growth Opportunities on Cash Holding

Companies with high growth opportunities use liquid assets such as cash as insurance policies to reduce the possibility of financial distress and to take good investment opportunities first when external financing is expensive. Companies with high growth opportunities will save large amounts of cash to finance company investments. Research conducted by (Aspasia & Arfianto, 2021) shows that growth opportunity has an influence on cash holding. Likewise with research (Tanjung et al., 2021) which shows that cash holding has an influence on cash holding.

H1   : Growth opportunity affects cash holding

Effect of Net Working Capital on Cash Holding

The company's working capital must be at a minimum because companies with high net working capital will not store large amounts of cash. Companies with sufficient current assets should not use the capital market if they need cash and companies with high net working capital will have low cash holdings. The results of the study (Setyaningrum & Setiawati, 2021)

show that net working capital has a positive effect on cash holding. The results of the study (Juardi et al., 2021) also show that net working capital has an effect on cash holding.

H2   : Net working capital affects cash holding

Effect of Investment Opportunity Set on Cash Holding

Companies with a high level of investment opportunity set will store high amounts of cash because if the company does not have large amounts of cash, the company will lose profitable investment opportunities. The results of the study (Gunawan & Oktaviani, 2021) show that the investment opportunity set has an effect on cash holding and the results of the study (Abbas et al., 2020) also show that the investment opportunity set has an effect on cash holding.

H3   : Investment opportunity set has an effect on cash holding

Method

This study uses quantitative research methods with secondary data sources in the form of financial statements of wholesale (wholesale) trading companies for 2 years for the 2020-2021 period on the Indonesia Stock Exchange (IDX). The population in this study was 48 companies. The sampling technique used purposive sampling technique. The sample criteria used in this study are as follows:

Purposive Sampling Criteria	Number of Companies
Wholesale trading company listed on the Indonesia Stock Exchange (IDX) during 2020-2021.	48
Companies that do not publish annual financial reports consistently during 2019-2021.	(4)
Companies that publish annual financial reports consistently during 2019-2021.	44
Do not have complete financial data to measure research variables.	(4)
Have complete financial data to measure research variables	40
Do not use rupiah currency	(4)
Using rupiah currency	36
Total sample (n x research period) (36 x 2 years)	72

From the population contained with predetermined criteria, 36 samples were obtained so that the number of sample data was 72.

The research data analysis technique uses the T test to test the hypothesis and multiple regression analysis with the formula:

$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3\ e$ 7

Result

Hypothesis testing shows that the growth opportunity variable has an effect on cash holding because the value of t count is 4.393 > t table 1.994 with a significance level of 0.000 <0.05. The results of the t-test further indicate that the net working capital variable has an effect on cash holding with a t-count value of 4.393 > t-table 1.994 with a significance value of 0.000. The next variable is the investment opportunity set, the t value is 1.112 < t table 1.994 and the significance value is 0.270 > 0.05, which means that the investment opportunity set variable has no effect on cash holding.

This study shows that growth opportunity has a significant positive effect on cash holding. This shows that companies with higher growth opportunities will increase their cash holdings because the higher the growth opportunities, the higher the opportunities to get bigger profits, thus encouraging companies to hold larger amounts of cash and companies will prefer to use internal funds. rather than externally to meet investment needs. The results of this study are in line with research conducted by (Alicia et al., 2020) and (Sari & Hastuti, 2020) which showed a positive influence between growth opportunity and cash holding.

Discussion

Based on the analysis results show that net working capital has a significant positive effect on cash holding. This shows that the company must as much as possible manage its current assets productively because the excess of current assets over current liabilities shows the amount of net working capital that can be used by the company as cash for precautionary motives or transactions. The results of this study support previous research conducted by (Marfuah & Zuhilmi, 2015) which states that net working capital has a positive effect on cash holding. The results of this study are in accordance with research conducted by (Setyaningrum & Setiawati, 2021) and (Abbas et al., 2020) which show that net working capital has an effect on cash holding.

Based on the test results show that the investment opportunity set has no effect on cash holding. This shows that the company's assets are greater than the company's liabilities. When the investment opportunity set is high, companies tend to hold large amounts of cash as a precautionary measure to avoid company bankruptcy, and companies with low investment opportunity sets tend to hold large amounts of cash to invest in investment projects. This is supported by research conducted by (Monica & Suhendah, 2020) and (Maghfiroh et al., 2022) which show that the investment opportunity set has no effect on cash holding.

The results of the multiple regression equation in this study are:

Cash holding = 0,110 + 0,034 GO + 0,0107 NWC + 0,010 IOS + e 8

From the results of the multiple regression equation, there is a constant value that has a positive value of 0.110. This shows that if all the independent variables, this is growth opportunity, net working capital and investment opportunity set, are 0 percent or unchanged, the cash holding value is 0.110. The growth opportunity variable has a positive value of 0.034 which indicates a positive influence between the growth opportunity and cash holding variables. This means that if the growth opportunity variable increases by 1%, the cash holding will increase by 0.034 with other variables considered constant. The net working capital variable obtained a positive value of 0.0107. This shows that if the net working capital increases by 1%, the cash holding will increase by 0.0107. The value of the investment opportunity set variable has a positive value of 0.010, which means that if the investment opportunity set variable increases by 1%, the cash holding will increase by 0.010. Besides, the results of the data processing show that the Adjusted R^2 result is 0.234 or 23.4%. This means that the ability of the independent variable (cash holding) is explained by 23.4% by the variables of growth opportunity, net working capital, and investment opportunity set, while the rest is influenced by other variables not included in this model.

Conclusion

Based on the analysis and discussion in this study, it can be concluded that the growth opportunity variable has a positive and significant effect on cash holding. Companies that have a good growth rate will increase their cash holdings because cash funds can increase inventory or as a precaution in the future. The net working capital variable has a positive and significant effect on cash holding. When cash holding increases, net working capital will also increase because cash is part of net working capital, so it is necessary to maintain the continuity of the company's operational activities without waiting for sales receipts. The investment opportunity set variable has no significant effect on cash holding. For further research, it is recommended to add the number of variables, expand the object of research and extend the number of periods to expand the research so that the condition of the company's cash holding can be described clearly in the long term.

Reference

Abbas, Dirvi Surya, Arry Eksandy, and Mulyadi. 2020. "Pengaruh Growth Opportunity, Net Working Capital, Cash Conversion Cycle, Investment Opportunity Set Dan Leverage Terhadap Cash Holding." *Jurnal Ekonomi Manajemen Dan Akuntansi* 16(1).

Alicia, Rizki, Winny Fortuna, Jeffry Putra, Felin, and Mas Intan Purba. 2020. "Pengaruh Growth Opportunity , Leverage Dan Firm Size Terhadap Cash Holding Perusahaan Properti Dan Real Estate." *Riset Dan Jurnal Akuntansi* 4:322–29.

Aspasia, Donna Bella Alda, and Erman Denny Arfianto. 2021. "Analisis Pengaruh Firm Size , Growth Opportunity , Firm Age , Leverage , Dan Non-Cash Net Working Capital Terhadap Cash Holding (Studi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek

Indonesia Tahun 2016-2019)." *Jurnal of Management* 10:1–9.

Darmawan, Karen, and Vidyarto Nugroho. 2021. "Pengaruh Profitabilitas , Firm Size , Leverage , Dan Net Working Capital Terhadap Cash Holding." *Jurnal Ekonomi* (November):564–80.

Gunawan, Agus, and Tita Oktaviani. 2021. "Pengaruh Ios, Capital Expenditure Dan Cash Conversion Cycle Terhadap Cash Holding Pada Sektor Industri Dasar & Kimia Di Bei 2015-2019." *Jurnal Indonesia Sosial Sains* 2(5):681–94.

Hengsaputri, Jeshineta Angeline, and Nurainun Bangun. 2020. "Pengaruh Growth Opportunity, Net Working Capital Dan Capital." *Jurnal Multiparadigma Akuntansi Tarumanagara* 2(2020):1343–52.

Horne, James C. van, and John M. Wachowicz. 2012. *Prinsip-Prinsip Manajemen Keuangan Fundamentals of Financial Management Edisi 13 Buku 1.* Salemba Empat.

Juardi, Sari Mujiani, Nita Silfianah, and Sukarni Novita Sari. 2021. "Pengaruh Cash Conversion Cycle , Net Working Capital Terhadap Cash Holding (Studi Empiris Pada Perusahaan Sektor Industri Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Periode 2015-2019)." *Jurnal Vokasi Administrasi Bisnis* 3(1):51–66.

Lin, Agata, Teresa Dena, and Susanto Salim. 2021. "Pengaruh Leverage , Capital Expenditure , Dan Net Working Capital Terhadap Cash Holding Perusahaan." *Jurnal Multiparadigma Akuntansi* III(2):515–22.

Maghfiroh, Atik Rohmah, Nur Diana, and Junaidi. 2022. "Pengaruh Growth Opportunity, Leverage, Firm Size, Net Working Capital And Investment Opportunity Set Terhadap Cash Holding Pada Perusahaan Manufaktur Yang Terdaftar Di BEI." *E-JRA* 11(11).

Marfuah, and Ardan Zuhilmi. 2015. "Pengaruh Growth Opportunity, Net Working Capital, Cash Coversion Cycle Dan Leverage Terhadap Cash Holding." *Journal Management System*.

Martini, Dwi. 2012. *Akuntansi Keuangan Menengah Berbasis PSAK*. Jakarta: Salemba Empat.

Maxentia, Jesslyn, Malem ukur Tarigan, and Verawati. 2022. "Pengaruh Leverage , Profitability , Growth Opportunity Dan Liquidity Terhadap Cash Holding." *Jurnal Ekonomi* 338–57.

Maya Sari, Dewi, and Ardian Ardian. 2019. "Cash Holding, Cash Flow Dan Profitability: Studi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia." *Jurnal Dinamika Akuntansi Dan Bisnis* 6(1):29–38. doi: 10.24815/jdab.v6i1.12142.

Monica, Alexandra, and Rousilita Suhendah. 2020. "Pengaruh Firm Size , Leverage , Dan Investment Opportunity Terhadap Cash Holding." *Jurnal Multiparadigma Akuntansi Tarumanagara* 2(1):176–85.

Najema, and Rusdayanti Asma. 2019. "Analisis Pengaruh Current Asset, Capital Expenditure, Cash Conversion Cycle, Cash Flow, Leverage, Market To Book Value Dan Net Working Capital Terhadap Cash Holdings Pada Sektor Industri Barang Konsumsi Di Bei." *Jurnal Sains Manajemen Dan Kewirausahaan* 3(1).

Rosyidah, Emilia Hanifatur, and Bambang Hadi Santoso. 2018. "Pengaruh IOS, NWC, CCC, Dan GO Terhadap Cash Holding Perusahaan Industri Konsumsi." *Jurnal Ilmu Dan Riset Manajemen* 7.

Saputri, Erdian, and Anon Kuswardono. 2019. "Pengaruh Profitabilitas, Leverage, Firm Size,

Dan Growth Opportunity Terhadap Cash Holding Perusahaan (Studi Kasus Perusahaan Manufaktur Yang Terdaftar Pada Bursa Efek Indonesia Periode Tahun 2013-2017) Erdian." *Journal of Entrepreneurship, Management, and Industry (JEMI)* 2(2):91–104.

Sari, Verent Permata, and Rini Tri Hastuti. 2020. "Pengaruh Net Working Capital , Leverage , Growth Opportunity , Dan Profitability Terhadap Cash Holding." *Jurnal Multiparadigma Akuntansi Tarumanagara* 2:1559–67.

Setyaningrum, Nanda, and Erma Setiawati. 2021. "Pengaruh Growth Opportunity , Net Working Capital , Cash Conversion Cycle Dan Dividend Payout Terhadap Cash Holding (Studi Empiris Pada Perusahaan Sektor Industri Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Tahun 2015-2018)." 548–57.

Tanjung, Maya Agustina, Alfira, Rasita, Jenny Alvina, and Cindy Khorico. 2021. "Debt to Asset Ratio , Growth Opportunity Dan Cash Flow Terhadap Cash Holding Pada Perusahaan Consumer Goods." *Jurnal Penelitian Dan Pengembangan Sains Dan Humaniora* 5(2):288–94.

Wulandari, Endah Ayu, and Mia Angelina Setiawan. 2019. "Pengaruh Growth Opportunity, Net Working Capital, Cash Conversion Cycle Dan Dividend Payout Terhadap Cash Holding." *Jurnal Eksplorasi Akuntansi* 1(3):1259–74. doi: 10.24036/jea.v1i3.141

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Asrini

Economic And Bussines Faculty, Universitas Muhammadiyah Jambi, Indonesia

Lizabeth Sari Dewi

Economic And Bussines Faculty, Universitas Muhammadiyah Jambi, Indonesia

Rika Neldawaty

Economic And Bussines Faculty, Universitas Muhammadiyah Jambi, Indonesia

Ika Dwimaya Roza

Economic And Bussines Faculty, Universitas Muhammadiyah Jambi, Indonesia

Email Correspondence: asrini.msa@umjambi.ac.id

ABSTRACT

This study aims to analyze the influence of financial ratios that are Current Ratio, Return on Assets, Total Assets Turnover, dan Debt to Assets Ratio on investment decision making proxied by stock returns simultaneously and partially. Objects of research are consumer goods companies listed on the Indonesia Stock Exchange. Data used to analysis is the financial statements on period 2015-2018. Data analysis technique used is multiple linear regression analysis. The results showed that the Current Ratio, Return on Assets, Total Assets Turnover, and Debt to Assets Ratio simultaneously affect the stock returns. Return on Assets partially has a positive and significant influence on stock returns, while Current Ratio, Total Assets Turnover, and Debt to Assets Ratio has no effect on stock returns. The high value of CR indicates that many assets are poorly managed by companies. The high value of TATO is not necessarily a huge net profit. The high value of DAR indicates that more loans are used in assets to make profits.

KEYWORDS: Current Ratio, Return on Assets, Total Assets Turnover, Debt to Assets Ratio, stock return

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Introduction

The capital market is a place to transact long-term capital, where demand is represented by securities issuing companies and supply is represented by investors. Transactions in the capital market are not always carried out in certain permanent locations, but can also be carried out in cyberspace through internet trading. The capital market has an important role in economic activity. The capital market has become one of the sources of economic progress, especially in countries that adhere to a market economy system. This is because the capital market can be an alternative source of funds for companies (Widoatmodjo, 2015). The trend of increasing economic growth has increasingly made consumer goods stocks to be excellent in the capital market. Throughout 2017, the consumer sector index has recorded an increase of 53.81 points or an increase of 3.89% to the level of 2,414.71. The increase in the consumer goods industry index beat the index for the plantation, mining, property, financial industries as well as trade, services and investment. Consumption growth continues to be stable at around 5% and will continue to be the main pillar of the Indonesian economy (Simamora, 2017).

However, economic growth in the first quarter of 2019 slowed due to restrained public consumption. This condition also has an impact on the decline in the financial performance of several large consumer companies, including Unilever. Indonesia's economy in the first quarter of 2019 only grew 5.07% compared to the same period last year or grew negatively 0.52% compared to the previous quarter. One of the reasons for the slow growth of the economy is the slowing growth of household consumption. In the first quarter of 2019, consumption growth was 5.01% on an annual basis (Tamara, 2019). Another phenomenon related to industrial companies in the consumer goods sector is the case experienced by PT. Three Pillars of Prosperous Food (TPS Food). In 2017, TPS Food experienced a crisis. Two TPS Food subsidiaries, namely PT Indo Beras Unggul and PT Jatisari Sri Rejeki, are suspected of producing premium rice that does not match the label description. The impact of this incident was the decline in TPS Food's share price in the market. The existence of this case caused the company's sales to almost stop completely and the short-term debt burden was getting bigger, while the company's cash flow was insufficient, making TPS Food difficult to settle its debts. Thus lowering AISA's credit rating, and of course the market punishes it with AISA's share price falling too deep (Parsidi, 2018). Investment is an investment activity carried out by individuals and institutions, with the hope of getting a return in the future. Investments are divided into investments in the form of securities and real assets. One of the securities traded in investment is shares (Aprilia, et al., 2016). The purpose of investing is, among others, investors will earn income or income every certain period of time, can enlarge the business or business, can aim as business guarantees, and can reduce competition in business.

Investors must be careful in choosing which company they will use as a place to invest their capital in the future. Every investor expects profits from each investment activity. To get the right company, investors can assess the performance of a company based on its financial

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

statements. The financial report aims to provide an overview of information about the company's financial position and performance that can be used as a guide in making business decisions. One thing that can be done is to perform a ratio analysis of financial statements. According to Kasmir (2016), financial ratios are activities to compare the numbers in the financial statements by dividing the numbers from one another. Comparisons can be made between one component and another in one financial report or between components among financial statements. Financial ratios are grouped into liquidity ratios, profitability ratios, activity ratios, and solvency ratios. The liquidity ratio is a ratio that shows the company's ability to meet its short-term obligations (debt). The liquidity ratio is proxied by the current ratio. The current ratio is a ratio that shows the number of current liabilities that are guaranteed payment by current assets (Hantono, 2018).

Profitability ratio is a ratio that shows the company's ability to make a profit. Profitability ratio is proxied by Return on Assets (ROA). Return on Assets (ROA) is a ratio that shows the level of business returns from all investments that have been made (Hantono, 2018). The activity ratio is a ratio that shows the effectiveness of the company's management in managing its business. The activity ratio is proxied by Total Assets Turnover. Total Assets Turnover is the ratio used to calculate the effectiveness of the use of total assets (Hanafi and Halim, 2016).

The solvency ratio or leverage is the ratio used to calculate the company's leverage. The solvency ratio is proxied by the Debt to Assets Ratio (DAR). Hantono (2018) explains that the Debt to Assets Ratio is a ratio that measures the portion of assets used to guarantee all liabilities.

Formulation of the problem:

Based on the above background, the formulation of the problem in this study are:

1. Does the Current Ratio affect investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2015 - 2018 period?
2. Does Return on Assets affect investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 - 2018?
3. Does Total Assets Turnover affect investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2015 - 2018 period?
4. Does the Debt to Assets Ratio affect investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2015 - 2018 period?
5. Do Current Ratio, Return on Assets, Total Assets Turnover, and Debt to Assets Ratio affect investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018?

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Literature Review

Hypotheses Formulation

The Effect of Current Ratio on Investment Decision Making Current Ratio is a ratio used to measure the company's ability to meet its short-term debt by using its current assets (Hanafi and Halim, 2016). A low CR is usually considered to indicate a problem in liquidation, on the other hand, a current ratio that is too high is also not good, because it shows a large number of idle funds which in turn can reduce the company's profitability (Erari, 2014).

The greater the company's liquidity, the greater the company's ability to pay stock returns. With a good company stock return, this will be a consideration for investors to invest in a company. Research conducted by Ariyanti (2016) shows that the current ratio has no significant effect on stock returns. Likewise with the research conducted by Basalama, et al. (2017) and Tumonggor, et al. (2017) that the current ratio does not have a significant effect on stock returns.

The Effect of Return on Assets on Investment Decision Making Return on Assets is a ratio used to measure the company's ability to generate net income based on certain asset levels (Hanafi and Halim, 2016). Hanafi stated that profitability affects the policy of paying stock returns in the form of dividends distributed from the company's net income, so the amount of profit will certainly affect the amount of stock returns to be distributed.

Increasing ROA illustrates the company's performance is getting better and hareholders will benefit from the dividends received by increasing prices and stock returns (Erari, 2014). Therefore, ROA will be one that investors can consider in making an investment decision. This is supported by research conducted by Ariyanti (2016) which shows that ROA has a significant effect on stock returns. Likewise with the research conducted by Basalama, et al. (2017) that ROA has a significant effect on stock returns.

The Influence of Total Assets Turn Over on Investment Decision MakingTotal Assets Turn Over is a ratio that measures a company's ability to generate sales from its total assets by comparing net sales to total assets (Hanafi and Halim, 2016). This ratio shows the extent to which the company's effectiveness in using all of its assets. A high ratio usually indicates good management, on the other hand a low ratio should make management evaluate its strategy, marketing, and capital expenditure (investment).

A high TATO indicates that the company's management can utilize its assets to bring in revenue for the company (Ariyanti, 2016). Thus, a high TATO has the potential to attract investors to invest and will increase the value of the company's shares. However, research conducted by Ariyanti (2016) shows that TATO has no significant effect on stock returns. Likewise with the research conducted by Bisara (2015) and Abdullah, et al. (2016) that TATO has no significant effect on stock returns.

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Effect of Debt to Assets Ratio on Investment Decision Making Debt to Assets Ratio is a ratio that measures the portion of assets used to guarantee all liabilities (Hantono, 2018). The higher this ratio means the greater the amount of loan capital used for investment in assets in order to generate profits for the company (Setiawan et al, 2017). Therefore, investors will choose a company that has a low DAR because this indicates that the company has sufficient assets to finance its debts.

Research conducted by Setiawan et al (2017) explains that DAR does not have a significant effect on stock returns. Likewise with research conducted by Abdullah, et al. (2016) that DAR has no significant effect on stock returns.

ased on the description above, the following hypothesis is formulated:

H1 : Current Ratio has no effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.

H2: Return on Assets has a positive effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.

H3 : Total Assets Turn Over has no effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.

H4: Debt to Assets Ratio has no effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.

H5: Current Ratio, Return on Assets, Total Assets Turn Over, and Debt to Assets Ratio together influence investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.

Method

Data Types and Sources

This study uses secondary data in the form of company financial reports obtained from the Indonesia Stock Exchange through www.idx.co.id. The data taken are financial reports for the period 2015 to 2018 for manufacturing companies in the consumer goods industry sub-sector listed on the Indonesia Stock Exchange.

Population and Sample

The population in this study are manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2015 – 2018.

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

The number of samples used in this study was determined based on the completeness of the financial statement data owned by each company. The determination of the sample was based on predetermined criteria and used purposive sampling method. The criteria for determining the sample were as follows:

1. Consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange during the 2015-2018 period.

2. Consumer goods industry sub-sector companies whose annual financial reports cannot be accessed from 31 December 2015 to 31 December 2018.

3. Consumer goods industry sub-sector companies that suffered losses during the 2015-2018 period.

4. Consumer goods industry sub-sector companies that experienced a stock split during the 2015-2018 period.

Definition of Operational Variables and Their Measurement

1. Stock returns
   Stock return = (Pt – Pt-1) / Pt-1 1
   Note:
   Pt : Investment price now
   Pt-1 : Investment price last period
2. Current Ratio
   Current Ratio= (current assets)/(current liabilities)
3. Return on Assets
   Return on Assets(ROA)= (net income)/(total assets)
4. Total Assets Turnover
   Total Assets Turnover= sales/(total assets)
5. Debt to Assets Ratio
   Debt to Assets Ratio (DAR)= (total debt)/(total assets)

Data analysis method

Hypothesis testing is done by using multiple linear regression analysis, but before that it is necessary to test the classical assumptions. The equation for multiple linear regression analysis is as follows:

Y = a + b1X1 + b2X2 + b3X3 + b4X4 + e 2

Information :

Y = Investment decision
A = constant

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

X1 = Current Ratio

X2 = Return on Assets

X3 = Total asset turnover ratio

X4 = Debt to Asset Ratio

b1,2,3,4 = Variable regression coefficient

e   = error

Result

Classic assumption test

Normality Test

Tabel 1
Uji Normalitas
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		50
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,09751567
Most Extreme Differences	Absolute	,078
	Positive	,078
	Negative	-,089
Kolmogorov-Smirnov Z		,552
Asymp. Sig. (2-tailed)		,921

a. Test distribution is Normal.
b. Calculated from data.

Source: Data processed by researchers

Based on table 1 above, it is known that the significance value obtained is 0.921 where this value is greater than 0.05, so it can be concluded that the tested data is normally distributed.

Autocorrelation Test

Tabel 2
Uji Autokorelasi
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,473[a]	,224	,155	,101787	2,161

a. Predictors: (Constant), Debt to Assets Ratio, Return on Assets, Total Assets Turnover, Current Ratio
b. Dependent Variable: Return Saham

Source: Data processed by researchers

Table 2 above shows that the Durbin-Watson value in this study is 2.161. Looking at the Durbin-Watson table with 4 independent variables and 50 samples, the numbers dU = 1.7214 and dL = 2.786. Because the Durbin-Watson value is between dU and dL, it can be concluded that there is no autocorrelation symptom in this study.

Multicollinearity Test

Tabel 3
Uji Multikolinearitas
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-,067	,107		-,620	,538		
Current Ratio	-,010	,015	-,182	-,717	,477	,266	3,757
Return on Assets	,352	,162	,338	2,178	,035	,715	1,399
1 Total Assets Turnover	,033	,049	,104	,663	,511	,699	1,431
Debt to Assets Ratio	,025	,169	,037	,146	,885	,261	3,835

a. Dependent Variable: Return Saham

Source: Data processed by researchers

Table 3 above shows that the tolerance values for the variables CR, ROA, TAT, and DAR are 0.266, 0.715, 0.699, and 0.261, respectively. The VIF values of the CR, ROA, TATO, and DAR variables were 3.757, 1.399, 1.431, and 3.835, respectively. This value indicates that this study does not experience symptoms of multicollinearity because it has met a tolerance value of more than 0.1 or a VIF of less than 10.

Heteroscedasticity Test

Source: Data processed by researchers
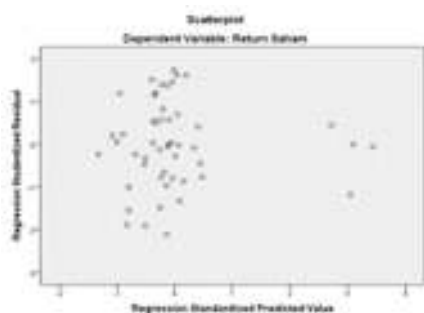
The picture above shows that the pattern of data distribution in the form of points on the scatterplot spreads above and below and the distribution does not form a certain pattern, so it can be concluded that this study does not occur heteroscedasticity.

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Multiple Linear Regression Analysis

Tabel 4
Analisis Regresi Linier Berganda
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.067	.107		-.620	.538		
Current Ratio	.010	.016	.182	.717	.477	.266	3.757
Return on Assets	.352	.162	.338	2.178	.035	.715	1.399
Total Assets Turnover	.033	.049	.104	.683	.511	.699	1.431
Debt to Assets Ratio	.025	.169	.037	.148	.885	.261	3.838

a. Dependent Variable: Return Saham

Source: Data processed by researchers

From the table above, multiple linear regression equations can be arranged as follows:

Y = -0.067 - 0.010 X1 + 0.352 X2 + 0.033 X3 + 0.025 X4 + e 3

Based on table 4 above, it can be explained that the value of a is -0.067 which indicates that stock returns decrease by 0.067 percent if the Current Ratio (X1), Return on Assets (X2), Total Assets Turn Over (X3), and Debt to Assets Ratio (X4) is equal to zero. The value of b1 is -0.010 which indicates that every CR increases by 1 percent, the stock return will decrease by 0.010 percent. The value of b2 is 0.352 which indicates that each ROA increases by 1 percent, the stock return will increase by 0.352 percent. The value of b3 is 0.033 which indicates that every TATO increases by 1 percent, the stock return will increase by 0.033 percent. The value of b4 is 0.025 which indicates that each DAR increases by 1 percent, the stock return will increase by 0.025 percent.

Discussion

F Test Results

Tabel 5
Uji F
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.134	4	.034	3.242	.020[b]
	Residual	.466	45	.010		
	Total	.600	49			

a. Dependent Variable: Return Saham
b. Predictors: (Constant), Debt to Assets Ratio, Return on Assets, Total Assets Turnover, Current Ratio

Source: Data processed by researchers

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Based on table 5 above, the calculated F value is 3.242 with a significance level of 0.020. Since the significance level is less than 0.05, it can be concluded that CR, ROA, TATO, and DAR

simultaneously have a significant effect on stock returns.

T . Test Results

Tabel 6
Uji T

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-,067	,107		-,620	,538		
Current Ratio	-,010	,015	-,192	-,717	,477	,266	3,757
Return on Assets	,352	,162	,338	2,178	,035	,715	1,399
1 Total Assets Turnover	,033	,049	,104	,663	,511	,699	1,431
Debt to Assets Ratio	,025	,169	,037	,146	,885	,261	3,835

a. Dependent Variable: Return Saham

Source: Data processed by researchers

1. Effect of Current Ratio on Stock Return
   Based on the calculation results shown in the table above, the value of the CR variable is 0.477. Because the CR value is greater than the significance level of 0.05, it can be concluded that there is no positive effect of CR on Stock Return.

2. Effect of Return on Assets on Stock Return
   Based on the calculation results shown in the table above, the value of the ROA variable is 0.035. Because the ROA value is smaller than the significance level of 0.05, it can be concluded that ROA has a positive and significant effect on Stock Return.

3. Effect of Total Assets Turnover on Stock Return
   Based on the calculation results shown in the table above, the value of the TATO variable is 0.511. Because the value of TATO is greater than the significance level of 0.05, it can be concluded that there is no positive effect of TATO on stock returns.

4. Effect of Debt to Assets Ratio on Stock Return
   Based on the calculation results shown in the table above, the value of the DAR variable is 0.885. Because the DAR value is greater than the significance level of 0.05, it can be concluded that there is no positive effect of DAR on Stock Return.

Conclusion

Based on the results of data analysis that has been done previously regarding the effect of the Current Ratio (CR), Return On Assets (ROA), Total Assets Turnover (TATO) and Debt to Assets Ratio (DAR) on stock returns, it can be concluded several things as follows:

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

1. Current Ratio (CR) has no significant effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.
2. Return on Assets (ROA) has a positive and significant effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.
3. Total Assets Turnover (TATO) has no significant effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.
4. Debt to Assets Ratio (DAR) has no significant effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2015 – 2018.
2. Current Ratio (CR), Return on Assets (ROA), Total Assets Turnover (TATO), and Debt to Assets Ratio (DAR) simultaneously have a significant effect on investment decision making in manufacturing companies in the consumer goods industry sector listed on the Stock Exchange. Indonesia for the period 2015 – 2018.

Based on the conclusions above, the suggestions that can be given by researchers are as follows:

1. It is hoped that further research can add other financial ratios as independent variables to give different results and have a strong influence on the dependent variable.
3. The addition of the research period is recommended for future research in order to increase the research sample so that it can provide more optimal results.
4. The addition of research objects can be used as an alternative in further research, with the hope of providing better results because it is not only fixed on one sector.

Reference

Aprilia, A. A., Handayani, S. R., & Hidayat, R. R. 2016. "Analisis Keputusan Investasi Berdasarkan Penilaian Harga Saham (Studi Menggunakan Analisis Fundamental dengan Pendekatan Price Earning Ratio (PER) Pada Saham Sektor Pertambangan yang Listing di BEI Periode 2012-2014". *Jurnal Administrasi Bisnis (JAB)* , 58-65.

Ariyanti, A. I. 2016. "Pengaruh CR, NPM, TATO, dan ROA Terhadap Return Saham". *Jurnal Ilmu dan Riset Manajemen* , 1-16.

Basalama, I. S., Murni, S., & Sumarauw, J. S. 2017. "Pengaruh Current Ratio, DER, dan ROA Terhadap Return Saham pada Perusahaan Automotif dan Komponen Periode 2013-20015". *Jurnal EMBA* , 1793-1803.

Bisara, C. 2015. "Pengaruh Kinerja Keuangan Terhadap Return Saham". *Jurnal Ilmu & Riset Akuntansi* , 1-14.

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Erari, A. 2014. "Analisis Pengaruh Current Ratio, Debt to Equity Ratio, dan Return on Asset Terhadap Return Saham pada Perusahaan Pertambangan di Bursa Efek Indonesia". *Jurnal Manajemen dan Bisnis* , 174-191.

Gunawan, B., & Hardyani, R. P. 2014. "Analisis Pengaruh Pengukuran Kinerja Keuangan Dalam Memprediksi Return Saham Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia". *Jurnal Akuntansi* , 98-117.

Hanafi, M. M., & Halim, A. 2016. *Analisis Laporan Keuangan.* Yogyakarta: Sekolah Tinggi Ilmu Manajemen.

Hantono, H. 2018. *Konsep Analisa Laporan Keuangan dengan Pendekatan Rasio dan SPSS.* Yogyakarta: Deepublish.

Hartono, J. 2017. *Teori Portofolio dan Analisis Investasi.* Yogyakarta: BPFE-YOGYAKARTA.

Hidayat, W. W. 2018. *Dasar-Dasar Analisis Laporan Keuangan.* Ponorogo: Uwais Inspirasi Indonesia.

Jannah, W., & Ady, S. U. 2017. "Analisis Fundamental, Suku Bunga, dan Overconfidence Terhadap Pengambilan Keputusan Investasi pada Investor di Surabaya". *Jurnal Bisnis dan Manajemen* , 138-155.

Kariyoto, K. 2017. *Analisa Laporan Keuangan.* Malang: UBMedia.

Kasmir, K. 2016. *Pengantar Manajemen Keuangan.* Jakarta: Prenada Media Group.

Mayuni, I. A., & Suarjaya, G. 2018. "Pengaruh ROA, Firm Size, EPS, dan PER Terhadap Return Saham Pada Sektor Manufaktur di BEI". *E-Jurnal Manajemen Unud* , 4063-4093.

Paramita, R. S., Isbanah, Y., Kusumaningrum, T. M., Musdholifah, M., & Hartono, U. 2018. "Young Investor Behavior: Implementation Theory of Planned Behavior". *International Journal of Civil Engineering and Technology (IJCIET)* , 733-746.

Parsidi, R. 2018. "Analisa Tiga Pilar Sejahtera (AISA) – Kinerja Jatuh, Segmen Food Bertahan". Retrieved (https://investorsadar.com/analisa-tiga-pilar-sejahtera-aisa-kinerja-jatuh-segmen-food-bertahan/)

Setiawan, S. S., Tandika, D., & Nurdin. 2017. "Pengaruh Debt to Asset Ratio dan Net Profit Margin Terhadap Return Saham pada Sektor Manufaktur yang Terdaftar di Jakarta Islamic Index Periode 2013-2015". *Prosiding Manajemen* , 669-674.

Setyarini, N. L., & Rahyuda, H. 2017. "Pengaruh Kinerja Keuangan Terhadap Return Saham Perusahaan Perbankan di BEI". *E-Jurnal Manajemen* , 5552-5579.

Simamora, N. S. 2017. "Saham-saham Konsumer Kian Diminati Investor". Retrieved (https://market.bisnis.com/read/20170303/190/633538/saham-saham-konsumer-kian-diminati-investor)

Sondakh, F., Tommy, P., & Mangantar, M. 2015. "Current Ratio, Debt to Equity Ratio, Return on Asset, Return on Equity Pengaruhnya Terhadap Harga Saham pada Indeks LQ45 di BEI Periode 2010-2014". *Jurnal EMBA* , 749-756.

THE INFLUENCE OF FINANCIAL RATIO ON INVESTMENT DECISION MAKING IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE IDX FOR THE 2015 - 2018 PERIOD

Tamara, N. H. 2019. "Lesunya Konsumsi Masyarakat yang Memukul Kinerja Perusahaan Konsumer". Retrieved (https://katadata.co.id/analisisdata/2019/06/01/lesunya-konsumsi-masyarakat-yang-memukul-kinerja-perusahaan-konsumer)

Tandelilin, E. 2010. *Portofolio dan Investasi Teori dan Apllikasi.* Yogyakarta: Kanisius.

Thrisye, R. Y., & Simu, N. 2013. "Analisis Pengaruh Rasio Keuangan Terhadap Return Saham BUMN Sektor Pertambangan Periode 2007-2010". *Jurnal Ilmiah Akuntansi dan Bisnis* , 75-81.

Tumonggor, M., Murni, S., & Rate, P. V. 2017. "Analisis Pengaruh Current Ratio, Return on Equity, Debt to Equity Ratio, dan Growth Terhadap Return Saham Pada Cosmetics and Household Industry yang Terdaftar di BEI Periode 2010-2016". *Jurnal EMBA* , 2203-2210.

Widoatmodjo, S. 2015. *Pengetahuan Pasar Modal untuk Konteks Indonesia.* Jakarta: Gramedia.

THE EFFECT OF PRODUCT QUALITY, PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER'S CHERRY CAKE SHOP IN MALANG

Manasyellita Dian Christanto

Business Management, Institut Teknologi dan Bisnis Asia, Indonesia

Theresia Pradiani

Business Management, Institut Teknologi dan Bisnis Asia, Indonesia

Tin Agustina K

Business Management, Institut Teknologi dan Bisnis Asia, Indonesia

Email Correspondence: manasyellitac@gmail.com

ABSTRACT

Traditional snacks are still able to compete with high market demand. The Cherry Cake shop proves that traditional snacks are no less competitive than imported snacks with its second branch on Borobudur Street, Malang. In order to maintain its business in addition to offering low prices, product quality control is regularly carried out followed by tagged location that supports consumers easily to find the Cherry Cake shop. The purposes of this study are to determine the effect of product quality, price, and location on consumer's purchase decision at Cherry Cake shop. This study uses a quantitative approach with non-probability sampling with purposive sampling method as a sampling technique. The validity of the questionnaire results was processed by using validity, reliability, linearity, heteroscedasticity, and multicollinearity tests. The hypothesis was tested by t test, F test, and R^2 test. The results showed that there was an influence of product quality, price, and location on purchase decision on consumer's Cherry Cake shop in Malang.

KEYWORDS: Product Quality, Location, Price, Purchase Decision

Introduction

With a population of up to 844,993 people (BPS Kota Malang, 2021) food holds an important control for people's survival in Malang City. The present competition of food development of other local city dish, contemporary and imported snacks makes all the players in food and beverage business have to maintain the quality of snacks at very low prices. So, it is still affordable to retain existing customers. The competition that occurs also effects on traditional snacks sector. In this case, Cherry Cake shop which has to struggle with all competitions make some strategies like adding some extra products such as 'tumpeng rice', various cooked vegetables, various cooked rice, and side dishes without leaving the traditional snacks quality as the core of the business.

The fulfilled need influence consumers in deciding buying and selling activities. Product quality and prices which are in accordance with consumer's needs are proven by more than 100 consumers every day who decide to buy traditional cakes in Cherry Cake shop. Purchase consumer's decision is the choice of action from two or more alternative choices (Tjiptono, 2015). There are several indicators of purchase decision (Kotler and Armstrong, 2012) ; those are product stability, habit of choosing product, and speed of selecting product.

The quality of traditional snacks as the main product plays an important role in a business. Product quality reflects the product's ability to carry out its duties which includes durability, reliability, progress, strength, ease of packaging, and product repair and other features (Kotler and Keller, 2012). The expiration checks on every cake are never absent from the clerk in this shop and the use of the external supplier system require periodic selection so that not all suppliers offer products easily at Cherry Cake shop. To measure the success rate of food product, there are several factors that affect the food quality (Gaman & Sherrington, 1996, West, Wood, and Harger, 2007); namely colour, appearance, presentation, shape, temperature, texture, flavor, degree of doneness, and taste.

The guaranteed quality of the cake is not always accompanied by a high price. This is proven by the Cherry Cake shop. With the lowest price of IDR 1,000, consumers can get a delicious traditional cake with the right portion, consumers can also get various side dishes and delicious cooked vegetables offered from IDR 5,000 and any kinds of cooked rice that can be purchased from the price of Rp IDR 7,000. The price is the amount of money charged for a product or service or the sum of the values that customers exchange for benefit from owning or using a product or service (Hakim, 2019). There are indicators that can measure the suitability of prices for consumers (Kotler and Armstrong, 2012); those are affordability, the match of the price and the quality product, the match of the price and the product benefit, and price competitiveness.

Accessible locations help consumers get products with good quality and affordable prices. Place or location is the place of various activities of the company to make products affordable and available to the target market (Kotler and Keller, 2012). The Cherry Cake shop owner sees

the business opportunities that exist in Kendalsari in the absence of similar businesses at a distance of 100-200m. The selection of location indicators (Tjiptono, 2015) are as follows accessibility, visibility, traffic, parking facility, expansion, neighborhood, rivalry, and government regulations.

There are several previous studies that form the basis for the author to do this research. The Effect of Product Quality, Price, and Location on Purchase Decisions (In Martabak Mas Ipung UKM in Plamongan Indah Housing, Semarang) by Hidayat and Harsanto (2017) which obtained the results of product quality, price, and location of each variable affect on purchase decision on Martabak Mas Ipung products in Semarang City. Another research done by Ningrum and Suryoko (2018) titled The Influence of Price, Product, and Location on Purchase Decisions at Peacockoffie, Semarang which got results even though price, product, and location variables can affect purchase decision but consumers did not make Peacockoffie as top priority over other coffee shops in Semarang. The differences of previous research results underlies the writer do research on the effect of product quality, price, and location on purchase decisions at consumer's Cherry Cake shop in Malang.

Method

Quality is a dominant issue in many companies, along with speed, flexibility in meeting consumer's demands, and low selling price is a key and strategic choice. Quality matters because it is one of the factors of competitive advantage. Product quality which meet consumer's expectations is able to satisfy customer's desires. Product is stated as the qualified one if the product has a suitability for use. From this description, this study formulates the first alternative hypotheses that is product quality is assumed to have an effect on purchase decision on consumer's Cherry Cake Shop in Malang.

Price is one of the determining factors in consumer's considerations to choose products to satisfy their needs. The price is also the only one of many elements in marketing mix that is flexible. Pricing strategy affects consumer's behaviour in the market. From this description, this study formulates the second alternative hypotheses that is price is assumed to have an effect on purchase decision on consumer's Cherry Cake Shop in Malang.

Location is a combination of the place where the business is carried out, the way to obtain the product, and travel time to the destination. The selection of the right location facilitate both consumers and producers and makes it easier for consumers to make purchase decision. From this description, this study formulates the first alternative hypotheses that is product quality is assumed to have an effect on purchase decision on consumer's Cherry Cake Shop in Malang.

THE EFFECT OF PRODUCT QUALITY, PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER'S CHERRY CAKE SHOP IN MALANG

Figure 1 Conceptual Framework
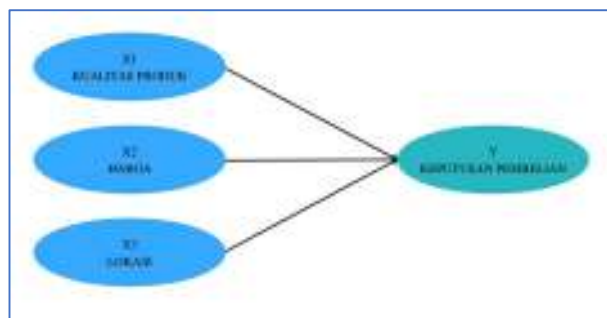
Source: Processed by researchers, 2022

The population of this research is the consumers of Cherry Cake store Kendalsari branch. Populations that are not identified with certainty will be directly assigned a sample of 100 respondents. Non-probability sampling is a sampling technique that does not provide equal opportunities for each member of the sample. Purposive sampling is a sampling technique that relies on the existence of the subject to be sampled. Anyone who coincidentally fits and meet the criteria as respondents will be selected as samples for research.

Data collection is carried out to obtain the required information to achieve research objectives. In this study, the researcher collected primary data through observation and questionnaire. Observations were carried out by visiting the Cherry Cake shop to observe the atmosphere and consumer's buying activity. The questionnaire was closed answered and respondents were only given the alternative answers to the questions asked. Respondents were asked to fill out the questionnaire that described agreement or disagreement with the statements given.

The instrument for measuring all variables in this study used questionnaires that were submitted to respondents to provide appropriate statements with what the respondent felt. The questionnaire had to meet the valid and reliable requirements. To meet these requirements, the measuring instrument had to go through validity and reliability testing and meet the classical assumption test. After passing the validity and reliability testing and meeting the classical assumption testing, hypotheses test was done using t-test, F-test, multiple linear regression analysis, and R^2 analysis.

Result

Characteristics of the respondent identity is a profile of research object that can provide research results. The description of the respondent is a process explain descriptively based on the statistics that have been received from the questionnaires that have been distributed. The number of questionnaires distributed was determined by a predetermined number of samples, 100 people. Of the 100 questionnaires that had been distributed, there was no unanswered questionnaires.

THE EFFECT OF PRODUCT QUALITY, PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER'S CHERRY CAKE SHOP IN MALANG

Table 1 Respondent's Gender

Gender	Sum	Percentage
Male	34	34%
Female	66	66%
Total	100	100%

Table 2 Respondent's Age

Age Group	Sum	Percentage
21 - 30	60	60%
31 - 40	21	21%
41 - 50	12	12%
51 - 60	5	5%
61 - 70	2	2%
Total	100	100%

Table 3 Respondent's Occupation

Occupations	Sum	Percentage
Online 'ojek' drivers	3	3%
Housewives	31	31%
College students	38	38%
Employees	25	25%
Tradesman	1	1%
Retired men	2	2%
Total	100	100%

Validity test is conducted to measure the validity of an instrument. Results of validity test were shown below:

1. The 9 statements in the product quality variable showed the correlations r count was bigger than r table (using r table 0,1654) with amount of 100 samples using 0,05 significant level that meant all statements were valid to measure the product quality variable.
2. The 4 statements in the price variable showed the correlations r count was bigger than r table (using r table 0,1654) with amount of 100 samples using 0,05 significant level that meant all statements were valid to measure the price variable.
3. The 5 statements in the location variable showed the correlations r count was bigger than r table (using r table 0,1654) with amount of 100 samples using 0,05 significant level that meant all statements were valid to measure the location variable.
4. The 3 statements in the purchase decision variable showed the correlations r count was bigger than r table (using r table 0,1654) with amount of 100 samples using 0,05 significant level that meant all statements were valid to measure the purchase decision variable.

Validity test was carried out with the formula:

$$r\ count\ =\ \frac{n(\Sigma xy)-(\Sigma x)-(\Sigma y)}{\sqrt{[n(\Sigma x^2)-(\Sigma x^2)]\,[n(\Sigma y^2)-(\Sigma y^2)]}} \quad\text{---}\ 1$$

Reliability test is conducted to test whether the measuring instrument can provide undifferentiated or relatively consistent results. Results of reliability test were shown below:

THE EFFECT OF PRODUCT QUALITY, PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER'S CHERRY CAKE SHOP IN MALANG

1. The product quality variable had a Cronbach Alpha value that was greater than what had been determined. It explained that every statement contained in the product quality variable (X1) was reliable and the questionnaire could be trusted. Consistent answer would be obtained if the question was repeated in measuring the product quality variable and the resulting data was accurate.

2. The price variable had a Cronbach Alpha value that was greater than what had been determined. It explained that every statement contained in the price variable (X2) was reliable and the questionnaire could be trusted. Consistent answer would be obtained if the question was repeated in measuring the price variable and the resulting data was accurate.

3. The location variable had a Cronbach Alpha value that was greater than what had been determined. It explained that every statement contained in the location variable (X3) was reliable and the questionnaire could be trusted. Consistent answer would be obtained if the question was repeated in measuring the location variable and the resulting data was accurate.

4. The purchase decision variable has a Cronbach Alpha value that is greater than what has been determined its explained that every statement contained in the purchase decision variable (Y) is reliable, the questionnaire can be trusted, will get a consistent answer if the question is repeated in measuring the purchase decision variable, and the resulting data is accurate.

Reliability test is carried out with the formula:

$$\alpha = \frac{Kr}{2 + K - 2.r}$$

$$\cdots\cdots 2$$

The heteroscedasticity test aims to test whether there is an inequality of variance in the regression model from the residuals of one observation to another observation. The scatter plot must show the points that spread without a pattern above and below the number 0 on the Y axis to show that the regression model is heteroscedasticity free. In the picture below, it was seen that the distribution of points below the number 0 on the Y axis and the points did not form a pattern, indicating that the residual variance and the regression model of the research were free of heteroscedasticity.

Figure 2 Scatterplot Result for Heteroscedasticity Test
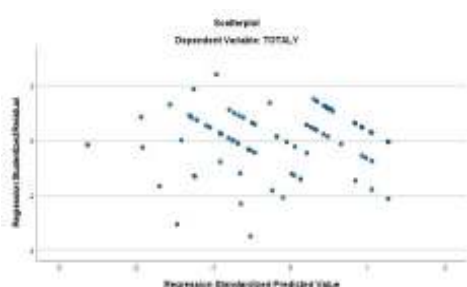
THE EFFECT OF PRODUCT QUALITY, PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER'S CHERRY CAKE SHOP IN MALANG

Source: Processed by researchers, 2022

A good regression model when there was no correlation between the independent variables. The correlation between the independent variables is determined from the value of the variance inflation factor (VIF). From the results of the multicollinearity test below, it was seen that each independent variable had a VIF value < 5 so that there was no strong correlation between the independent variables.

Table 4 Multicollinearity Test Result

<table>
<tr><th colspan="12">Coefficients^a</th></tr>
<tr><th rowspan="2">Model</th><th colspan="2">Unstandardized Coefficients</th><th>Standardized Coefficients</th><th rowspan="2">t</th><th rowspan="2">Sig.</th><th colspan="3">Correlations</th><th colspan="2">Collinearity Statistics</th></tr>
<tr><th>B</th><th>Std. Error</th><th>Beta</th><th>Zero-order</th><th>Partial</th><th>Part</th><th>Tolerance</th><th>VIF</th></tr>
<tr><td>1 (Constant)</td><td>.309</td><td>.841</td><td></td><td>.367</td><td>.714</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>TOTALX1</td><td>.091</td><td>.033</td><td>.264</td><td>2.812</td><td>.006</td><td>.764</td><td>.276</td><td>.154</td><td>.339</td><td>2.946</td></tr>
<tr><td>TOTALX2</td><td>.330</td><td>.073</td><td>.399</td><td>4.539</td><td><,001</td><td>.783</td><td>.420</td><td>.248</td><td>.386</td><td>2.588</td></tr>
<tr><td>TOTALX3</td><td>.161</td><td>.048</td><td>.273</td><td>3.372</td><td>.001</td><td>.728</td><td>.325</td><td>.184</td><td>.454</td><td>2.202</td></tr>
<tr><td colspan="12">a. Dependent Variable: TOTALY</td></tr>
</table>

Linearity test is carried out as a condition to perform linear regression test. Linearity test was done partially. All independent variables showed significant level was bigger than what has been determined and f count was smaller than what had been determined that meant there was a linear between all independent variables and the dependent variable.

t-test aims to test the significant of the hypothesizes. t-test is done partially. Results of t-test were shown below:

1. Product quality variable showed the correlation that t-score (2,812) was bigger than t-table (using t-table 1,98498) and significant level (0,006) showed lower than what had been determined (0,05). That meant product quality variable had a significant and positive effect on consumer's purchase decision at Cherry Cake shop partially.
2. Price variable showed the correlation that t-score (4,539) was bigger than t-table (using t-table 1,98498) and significant level (0,001) showed lower than what had been determined (0,05). That meant price variable had a significant and positive effect on consumer's purchase decision at Cherry Cake shop partially.
3. Location variable showed the correlation that t-score (3,372) was bigger than t-table (using t-table 1,98498) and significant level (0,001) showed lower than what had been determined (0,05). That meant location variable had a significant and positive effect on consumer's purchase decision at Cherry Cake shop partially.

Table 5 t-test Result

<table>
<tr><th colspan="7">Coefficients^a</th></tr>
<tr><th rowspan="2">Model</th><th colspan="2">Unstandardized Coefficients</th><th>Standardized Coefficients</th><th rowspan="2">t</th><th rowspan="2">Sig.</th></tr>
<tr><th>B</th><th>Std. Error</th><th>Beta</th></tr>
<tr><td>1 (Constant)</td><td>.309</td><td>.841</td><td></td><td>.367</td><td>.714</td></tr>
<tr><td>TOTALX1</td><td>.091</td><td>.033</td><td>.264</td><td>2.812</td><td>.006</td></tr>
<tr><td>TOTALX2</td><td>.330</td><td>.073</td><td>.399</td><td>4.539</td><td><,001</td></tr>
<tr><td>TOTALX3</td><td>.161</td><td>.048</td><td>.273</td><td>3.372</td><td>.001</td></tr>
<tr><td colspan="7">a. Dependent Variable: TOTALY</td></tr>
</table>

F-test in this research aims to look for the goodness of fit. F-test is done simultaneously. All independent variables showed the correlation that F-score (79,580) was bigger than F-table (using F table 3,090) and significant level (0,001) showed lower than what had been determined (0,05). That meant all independent variables (product quality, price, and location) had significant and positive effect on dependent variable (consumer's purchase decision) simultaneously.

Table 6 F Test Result

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	227.736	3	75.912	79.580	<,001[b]
	Residual	91.574	96	.954		
	Total	319.310	99			

a. Dependent Variable: TOTALY
b. Predictors: (Constant), TOTALX3, TOTALX2, TOTALX1

Multiple linear regression analysis was carried out after the research instrument met the requirements and criteria for the classical assumption test. Multiple linear regression analysis was carried out with the formula:

$$Y = 0,309 + 0,091\,X1 + 0,33\,X2 + 0,161\,X3 \quad\text{...(3)}$$

The descriptive of the formula were shown below

1. Value of 0,309 was a constant or the state of the purchase decision (Y) which had not been influenced by product quality (X1), price (X2), and location (X3).
2. X1 of 0,091 indicated that the product quality variable had a positive influence on purchase decision so that every time there was an increase in 1% of the product quality variable it affected purchase decision of 0,091.
3. X2 of 0,33 indicated that the price variable had a positive influence on purchase decision so that every time there was an increase in 1% of the price variable it affected purchase decision of 0,33.
4. X3 of 0,161 indicated that the location variable had a positive influence on purchase decision so that every time there was an increase in 1% of the location variable it affected purchase decision of 0,161.

Table 7 Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.309	.841		.367	.714
	TOTALX1	.091	.033	.264	2.812	.006
	TOTALX2	.330	.073	.399	4.539	<,001
	TOTALX3	.161	.048	.273	3.372	.001

a. Dependent Variable: TOTALY

THE EFFECT OF PRODUCT QUALITY, PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER'S CHERRY CAKE SHOP IN MALANG

The coefficient of determination measures how far the independent variable explains the variation of the dependent variable. The value of the coefficient of determination of 0,713 meant that the independent variables (X1, X2, and X3) were able to measure the ability of 71,3% of the dependent variable (Y) and 28.7% were influenced by other factors.

Table 8 Coefficient Determination Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845[a]	.713	.704	.97668

a. Predictors: (Constant), TOTALX3, TOTALX2, TOTALX1
b. Dependent Variable: TOTALY

Discussion

1. All 9 statements were valid and reliable. There was a linear correlation between product quality and purchase decision. The heteroscedasticity test that had been carried out showed a heteroscedasticity-free regression model. Multicollinearity test showed that the VIF result was less than the specified score which was 2,946 < 5, meant that there was no strong correlation between product quality variable (X1) and other independent variables.
2. All 4 statements were valid and reliable. There was a linear correlation between price and purchase decision. The heteroscedasticity test that had been carried out showed a heteroscedasticity-free regression model. Multicollinearity test showed that the VIF result was less than the specified score which was 2,588 < 5, means that there was no strong correlation between price variable (X2) and other independent variables.
3. All 5 statements were valid and reliable. There was a linear correlation between location and purchase decision. The heteroscedasticity test that had been carried out showed a heteroscedasticity-free regression model. Multicollinearity test showed that the VIF result was less than the specified score which was 2,202 < 5, meant that there was no strong correlation between location variable (X3) and other independent variables.
4. All 3 statements are valid and reliable. The heteroscedasticity test that has been carried out showed a heteroscedasticity-free regression model. That means the dependent variable's statements were ready to be tested with other independent variables.

From testing both independent and dependent variable statements, the results were feasible to be continued for hypothesis testing which resulted in:

1. Product quality variable showed the correlation that t-score (2,812) was bigger than t-table (using t-table level 1,98498) and significant level (0,006) showed lower than what had been determined (0,05) that meant product quality variable had a significant and positive effect on consumer's purchase decision at Cherry Cake shop partially. F-test showed all independent variables had significant and positive effect on consumer's purchase decision simultaneously. Multiple regression analysis indicated that the product quality variable

had a positive influence on purchase decision so that every time there was an increase in 1% of the product quality variable it affected purchase decision of 0,091. From all the hypothesis tests result it was concluded that first hypotheses could be proven so that there was an influence of product quality on consumer's purchase decision at the Cherry Cake shop.

2. Price variable showed the correlation that t-score (4,539) was bigger than t-table (using t-table level 1,98498) and significant level (0,001) showed lower than what had been determined (0,05) that meant price variable had a significant and positive effect on consumer's purchase decision at Cherry Cake shop partially. F-test showed all independent variables had significant and positive effect on consumer's purchase decision simultaneously. Multiple regression analysis indicated that the price variable had a positive influence on purchase decision so that every time there was an increase in 1% of the price variable it affected purchase decision of 0,33. From all the hypothesis tests result it was concluded that second hypotheses could be proven so that there was an influence of price on consumer's purchase decision at the Cherry Cake shop.

3. Location variable showed the correlation that t-score (3,372) was bigger than t-table (using t-table level 1,98498) and significant level (0,001) showed lower than what had been determined (0,05) that meant location variable had a significant and positive effect on consumer's purchase decision at Cherry Cake shop partially. F-test showed all independent variables had significant and positive effect on consumer's purchase decision simultaneously. Multiple regression analysis indicated that the location variable had a positive influence on purchase decision so that every time there was an increase in 1% of the location variable it affected purchase decision of 0,161. From all the hypothesis tests result it was concluded that third hypotheses could be proven so that there was an influence of location on consumer's purchase decision at the Cherry Cake shop.

Conclusion

Based on the results of research and discussion, several conclusions were obtained, included:

1. Product quality had a positive and significant effect on purchase decision, with an explanation of improving the quality of traditional snacks affected consumer's purchase decision at the Cherry Cake shop, Kendalsari, Malang.

2. Price had a positive and significant effect on purchase decision, with an explanation of the ability of producers to maintain consumer satisfaction with traditional snacks price affected consumer's purchase decision at the Cherry Cake shop, Kendalsari, Malang.

3. Location had a positive and significant effect on purchase decision, with an explanation of the ability of producers to maintain the location and made additional parking facility affected consumer's purchase decision at the Cherry Cake shop, Kendalsari, Malang.

Reference

Asman, N., Indriyani, D. 2020. "Pengaruh Kualitas Produk dan Promosi terhadap Keputusan Pembelian pada Produk Cake Cirebon Kelana". *Jurnal Ilmiah Indonesia,* 5(9) : 883 - 893.

Gandi, V.P., Lestari, R.B. 2021. "Pengaruh Kualitas Produk, Harga, Lokasi, dan Promosi terhadap Keputusan Pembelian pada Mammee Bakery Outlet M. Isa". *Publikasi Riset Mahasiswa Manajemen,* 3 (1) : 92 - 98.

Hakim, L. 2019. "Pengaruh Harga dan Lokasi terhadap Keputusan Pembelian (Studi pada Konsumen Toko Roti Modern Bakery Cukir Jombang". *Journal of Business and Innovation Management,* 3 (1) : 228 - 243.

Harsanto,L.F., Hidayat, W. 2017. "Pengaruh Kualitas Produk, Harga, dan Lokasi terhadap Keputusan Pembelian (Pada UKM Martabak Mas Ipung di Perumahan Plamongan Indah Semarang)". *Jurnal Ilmu Administrasi Bisnis*, 6 (3) : 340 - 351.

Husen, A., Sumowo, S., Rozi, A.F. 2018. "Pengaruh Lokasi, Citra Merk, dan *Word-of-Mouth* terhadap Keputusan Pembelian Konsumen Mie Ayam Solo Bangsal Jember". *Jurnal Manajemen dan Bisnis Indonesia,* 4 (2) : 127-143.

Indrayani, P., Syarifah, T. 2020. "Pengaruh Harga, Citarasa, dan Lokasi terhadap Keputusan Pembelian pada Usaha Kue Pia Fatimah Azzahra di Kecamatan Tanjung Tiram". *Jurnal Manajemen Ekonomi Sains,* 2 (1).

Ismaulina dan Ali. 2020. *Keputusan Mahasiswa dan Faktor - Faktor yang Mempengaruhi Memilih Jurusan Baru*. Banten:CV. AA. Rizky

Korowa, Enos., Sumayku, Sontje., Asaloei, Sandra. 2018. "Pengaruh Kelengkapan Produk dan Harga terhadap Pembelian Ulang Konsumen (Studi Kasus Freshmart Bahu Manado)". *Jurnal Administrasi Bisnis,* 6 (3) : 27 - 34.

Kotler, P. dan Armstrong, G. 2012. Prinsip - Prinsip Pemasaran. 13th ed. Jakarta: Erlangga.

Kotler, P. dan Keller, K. L. 2012. Manajemen Pemasaran. 12th ed. Jakarta:Erlangga.

Muharromah, E.R., Oktini, D.R., Maharani, Nina. 2017. "Pengaruh Lokasi dan Harga terhadap Keputusan Pembelian Konsumen (Studi pada Rumah Makan Ayam Bakar Lexa di Rancaekek". *Prosiding Manajemen,* 3 (2) : 872-876.

Ningrum, A.S., Suryoko, S. 2018. "Pengaruh Harga, Produk, dan Lokasi terhadap Keputusan Pembelian di Peacockoffie, Semarang". *Jurnal Ilmu Administrasi Bisnis,* 8 (1) : 164-173.

Pamuji, N.P.T. 2019. "Analisis Pengaruh Kualitas Produk dan Harga terhadap Keputusan Pembelian Roti Merk Sari Roti".

Pradana, Dedhy., Hudayah, Syarifah., Rahmawati. 2017. "Pengaruh Harga Kualitas Produk dan Citra Merek Brand Image terhadap Keputusan Pembelian Motor". *Journal of Economics and Business Mulawarman,* 14 (1) : 16-23.

Putri, I.P., Wulansari, R. 2022. "Pengaruh Kualitas Produk dan Harga terhadap Keputusan Pembelian pada Outlet Ayam Bakar Irzah Cabang Serua Ciputat Tangerang Selatan". *Jurnal Ilmiah Mahasiswa,* 2 (1) : 1 - 10.

THE EFFECT OF PRODUCT QUALITY, PRICE, AND LOCATION ON PURCHASE DECISION AT CONSUMER'S CHERRY CAKE SHOP IN MALANG

Sugiarto, B.U., Subagio, H. 2014. "Analisa Pengaruh Produk, Kualitas Pelayanan, Harga, dan Store Atmosphere terhadap Minat Beli di Dream of Khayangan Art Resto Surabaya". *Jurnal Manajemen Pemasaran Petra,* 2 (1) : 1 - 10.

Sugiyono. 2017. *Metode Penelitian Kuantitatif*. Alfabeta:Bandung.

Susanto, Y.W. 2017. "Pengaruh Inovasi Produk, Kualitas Produk, dan Harga terhadap Keputusan Pembelian di Toko Roti dan Kue Ferissa Bantul Yogyakarta".

Tjiptono, F. 2015. *Strategi Pemasaran*. 4th ed. Andi Offset:Yogyakarta.

Zulaicha, Santri., Irawati, Rusda. 2016. "Pengaruh Produk dan Harga terhadap Keputusan Pembelian Konsumen di Morning Bakery Batam". Jurnal Inovasi dan Bisnis, 4 (2) : 127 - 136.

THE COMPETITIVE STRATEGIES OF A MICROFINANCE INSTITUTION AMIDST THE COVID-19 PANDEMIC: BASIS FOR REVIEW OF BUSINESS CONTINUITY PLAN

Rosalie D. Dela Cruz

Finance, ASKI Inc., Philippines

Vivien Amor Viloria

Nueva Ecija University of Science and Technology, Philippines

Email Correspondence: vaviloria@ineust.ph.education

ABSTRACT

The current pandemic reduces microfinance institutions'' financial efficiency. Still, it increases its social efficiency, indicating that, while the economic slowdown lowers Microfinance financial performance, the role of creating a social impact is seemingly prioritized during COVID-19. This study aims to assess a Microfinance Institution's business continuity amid the COVID19 pandemic. This study used a quantitative research design. Purposive sampling was used and the respondents were the twelve (12) area managers of the selected Microfinance Institution. Data collection was done with a 4-point Likert scale questionnaire facilitated online. Percentage, frequency distribution, and weighted mean were used to analyze the data. Among the twelve areas, all are still operational. The majority of the areas experienced cash flow shortages, and a decrease in revenue and loan applications while their workforce was not affected by the COVID19 pandemic. The Microfinance institution's portfolio Quality and profitability were poor while its financial management and efficiency and productivity were good. It is recommended for the MFI to keep on innovating, go digital and continue to strengthen the use of their procedures, and embrace additional best practices to make changes if necessary.

KEYWORDS: Competitive Strategies, Microfinance Institutions, Covid-19 Pandemic, Business Continuity Plan

THE COMPETITIVE STRATEGIES OF A MICROFINANCE INSTITUTION AMIDST THE COVID-19 PANDEMIC: BASIS FOR REVIEW OF BUSINESS CONTINUITY PLAN

Introduction

In developing and highly informal economies, microfinance institutions (MFI) play an important role in providing financial support to poor and low-income households and microenterprises which have been excluded from mainstream financial services traditionally. Like many major microfinance markets, the Microfinance industry is suffering from the twin threats of a public health emergency and the mitigation response which entails economic shutdown, both of which disproportionately impact vulnerable population segments and the financial providers that serve them.

Dąbrowska et.al (2020) stated that while the current crisis has left no microfinance institution (MFI) or region of the world indifferent, European MFIs have fared much better in comparison with MFIs in others parts of the world. The COVID-19 crisis caused numerous challenges for MFIs: difficulties in disbursements, collection of reimbursements and meeting with clients face-to-face, and reorganizing internal systems and flow of work. Consequently, portfolio performance deteriorated for many MFIs although at different rates in different parts of the world. Since the spread of the COVID virus was uneven throughout the world, it is not surprising that there are significant differences the crisis has had on MFIs in different regions. The impact depends not only on the location of MFIs in relation to the COVID prevalence, but also on the types of services that MFIs provide and their internal operational systems.

Microfinance Clients in general, most if not all clients of MFIs have been impacted by the COVID crisis, directly or indirectly. The direct impacts were due to the mandatory or self-imposed closures of business activities or own decisions to temporarily discontinue their businesses for personal reasons such as health risks or family situation. The indirect impacts include the consequences of the mandatory closures due to the COVID pandemic which caused the disruption of the supply chains and decreased the demand for certain products and services offered by the microfinance clients.

Businesses which could easily pivot to new channels of marketing and sales, for example to online selling, suffered fewer closures but they experienced more internal changes to adjust to the new ways of doing business. Those businesses which were either unable to move to new ways of doing business compatible with social distancing rules or activities which cannot be altered, for example personal services like hairdressing or cleaning, suffered more, and the percentage of permanent closures among them appear to be higher.

The study aims to assess the business operations of ASKI Microfinance in the midst of this global pandemic.

Specifically, it aims to answer the following questions:

1. How may the business operations of the respondents be analyzed in terms of:
   a. Operation Status;

    b. Cash flow;

    c. Revenues;

    d. Loan Application; and

    e. Workforce?

2. How may the business operations of selected areas of operations of ASKI Microfinance Institutions amidst Covid 19 Pandemic be assessed using the performance indicators of MFI in terms of:

    a. Portfolio Quality;

    b. Efficiency and Productivity;

    c. Financial Management; and

    d. Profitability?

Method

This study used quantitative research design. Researchers employed a descriptive research technique in the quantitative research design, which is a systematic endeavor to describe, explain, or validate any form of hypothesis or objective in the context of a specific group of people (McNeill, 2018).

The respondents of this are the Area Managers of the selected Microfinance Institutions, they were chosen as the subject on this study because of their first-hand information on this field in which they can provide accurate information that can be useful in this study. Those challenging experiences by the organization were expecting to provide recommendations to improve the business operation during this time of pandemic.

The data gathering was conducted through an online survey form, with a database can collect and store data, it also provides statistical software analysis of the findings. Statistical tools like percentage, frequency distribution and weighted mean were used to analyze the data.

The researchers assess the business operation using the performance indicators in the respondents who were managing the operation of microfinance institutions using a 4-point Likert scale. The aim of the researcher is to determine the impact of Covid-19 to the business operation of Microfinance Industry using performance indicators such as excellent, fair, poor and needs improvement.

Result

Table 1 shows the business profile of the respondents in terms of operation status.

Operation Status	Frequency	Percentage
Areas of Operations are still operational	12	100%
Temporarily Stopped	0	0
Stopped currently	0	0
Operational Again	0	0
Total	12	100

All of the respondents' areas of operation of the MFI are still operational which got the frequency of seven (12) and a percentage of 100%.This table shows the respondents' areas profiles based on their operation status. The company is still operational, according to all twelve (12) Area Managers/responders. Despite the pandemic, the Microfinance Institutions manage to keep their businesses running in order to make at least break even and survive.

Table 2 shows the business profile of the respondents in terms of cash flow.

Cash Flow	Frequency	Percentage
Shortage	7	58%
Surplus	5	42
No effect	0	0
Total	12	100%

The table represents the business profile of the respondents according to their cash flow. It shows that most of the respondents' cash flow are experiencing shortage obtaining a frequency of 7 and a percentage of 58%. On the other hand, there 5 respondents have experienced Surplus. The data implies that majority of the respondents experienced cash flow shortage.

Table 3 shows the business profile of the 12 Area Managers/respondents in terms of revenues.

Revenues	Frequency	Percentage
No Effect	0	0
Decreased by 1% to 25%	7	58
Decreased by 26% to 50%	5	42
Decreased by 51% to 100%	0	0
Total	12	100%

The table above presents that most of the MFI's areas of operation' revenues are experiencing a decrease of 1% to 25%, with a frequency of 7 and a percentage of 58%. The table above shows the respondents' business profiles based on their revenue. According to the results, revenue reduced by 1% to 25% implying that the existence of the COVID-19 pandemic contributed to a reduction in revenue.

THE COMPETITIVE STRATEGIES OF A MICROFINANCE INSTITUTION AMIDST THE COVID-19 PANDEMIC: BASIS FOR REVIEW OF BUSINESS CONTINUITY PLAN

Table 4 shows the business profile of the respondents in terms of loan applications.

Loan Applications	Frequency	Percentage
No Effect	0	0
Decreased by 1% to 25%	8	67
Decreased by 26% to 50%	0	0
Decreased by 51% to 100%	0	0
Increase	4	33
Total	12	100%

Table 4 shows that the loan applications of ASKI microfinance institutions decreased by 1% to 25% in the middle of the pandemic. Majority of the respondents' loan application decreased by 1% to 25% with a frequency of 8 and a percentage of 67%.

Table 5 shows the business profile of the respondents in terms of the MFI's workforce.

Workforce	Frequency	Percentage
No Effect	7	58
Decreased by 1% to 25%	5	42
Decreased by 26% to 50%	0	0
Decreased by 51% to 100%	0	0
Decreased by more than 100%	0	0
Increase	0	0
Total	12	100%

Table 5 shows that majority of the respondent's workforce were not affected by the pandemic garnering a frequency of 7 or 58% percent. This implies that the number of work force of the microfinance institutions were not affected amidst the pandemic, it shows that the workforce of the microfinance organizations has retain its employees and do some precautionary measures amidst this pandemic.

Table 6 visualizes the business operation of the respondents in terms of portfolio quality.

Portfolio Quality	Weighted Mean	Verbal Interpretation	Qualitative Description
Portfolio at Risks increases.	2.75	Agree	Poor
Portfolio Size increases.	2.58	Agree	Poor
Conducted adjustments of the features and eligibility criteria of their Loan Services.	2.50	Agree	Poor
Write-off and Provisions expenses increases.	2.50	Agree	Poor
Could not maintain good repayment rate.	2.42	Disagree	Good
Portfolio Quality	**2.55**	**Agree**	**Poor**

The table above shows the assessment on the business operation of the MFI based on Portfolio Quality. The statement, "Portfolio at risk increased" got the highest weight mean of 2.75 with a qualitative description of "Poor" while the respondents disagree that the MFI could not maintain good repayment rate with a weighted mean od 2.42. With an overall weighted mean of 2.55, the MFI's portfolio quality is poor.

Table 7 visualizes the business operation of the respondents in terms of portfolio quality.

Efficiency and Productivity	Weighted Mean	Verbal Interpretation	Qualitative Description
Could not maintain lower rates compared to other financial institutions	1.51	Strongly Disagree	Excellent
Operating Expenses increase	2.75	Agree	Poor
Personnel Officers (Office staff) Productivity have decrease	2.67	Agree	Poor
Loan Officers Productivity have decrease.	2.08	Disagree	Good
Costs per borrower increases.	2.83	Agree	Poor
Efficiency and Productivity	**2.37**	**Disagree**	**Good**

Table 7 shows the assessment on the business operation of the MFI based on Efficiency and Productivity. The respondents strongly disagree that they could not maintain lower rates compared to other financial institutions which means that the MFI is excellent in this aspect that contributes greatly to their efficiency and productivity. Furthermore, respondents disagree that the loan officers' productivity decrease which is again, good for the MFI. With an overall weighted mean of 2.37, the MFI's efficiency and productivity is good.

Table 8 visualizes the business operation of the respondents in terms of financial management

Financial Management	Weighted Mean	Verbal Interpretation	Qualitative Description
Requested/ Borrowed additional fund/ capital in other financial Institution	2.75	Agree	Poor
Operational Cost increases	1.58	Strongly Disagree	Excellent
Could not maintain and manage to pay the Company's loan/debt amortization	2.58	Agree	Poor
Uses the company's contingent fund for Emergency	2.42	Disagree	Good
Increased the amount of effort and costs dedicated to non-strategic activities.	2.42	Disagree	Good
Financial Management	**2.35**	**Disagree**	**Good**

Table 8 shows the assessment on the business operation of the MFI's Financial Management. The respondents strongly disagree that the operational cost increases which means that the MFI is excellent in reducing operational costs. Furthermore, respondents disagree that the amount of effort and costs dedicated to non-strategic activities increased and that it used the company's contingent fund for Emergency which are all good for the MFI. With an overall weighted mean of 2.35, the MFI's financial management is good.

Table 9 visualizes the business operation of the respondents in terms of profitability.

Profitability	Weighted Mean	Verbal Interpretation	Qualitative Description

Decrease in Profit due to Pandemic	2.67	Agree	Poor
Adjusted return on asset due to Pandemic	2.67	Agree	Poor
Decrease in Cash Interests earning	3.33	Strongly Agree	Needs Improvement
ROI slowed down	2.92	Agree	Poor
Overall profitability was affected by the pandemic.	2.92	Agree	Poor
Profitability	**2.90**	**Agree**	**Poor**

Table 9 shows the assessment on the business operation of the MFI's Profitability. The respondents strongly agree that there is a decrease in Cash Interests earning which means that the MFI need to improve on this aspect. Furthermore, respondents agree that the overall profitability was affected by the pandemic. With an overall weighted mean of 2.90, the MFI's profitability is poor.

Discussion

Despite the pandemic, the Microfinance Institution managed to keep their businesses running in order to at least break even and survive. The MFI also recognizes the circumstances of their clients' need of financial support during this time of pandemic, that is why they are able to keep their operations functioning in order to support its clientele. According to Zamore et al., (2019), since MFIs serve hundreds of millions of poor and vulnerable borrowers, they play a pivotal role in alleviating poverty in developing countries. Apart from their social mission, the MFI has a profit nature. Financial liquidity is a major concern of it; thus, the MFI, a non-profit non-government organization, needs to address the primary concern in terms of cash position as they cannot continue to operate if they don't have funds to lend to their valued clientele.

Due to the said pandemic, the demand of the MFI's clients increases however, as they complied on the 60-days mandatory moratorium stipulated in the Bayanihan to Recover as One Act, the cash inflows decreases and many of their clients were not able to pay their debt on time, this condition caused shortage in cash flow. The pandemic also carried an unnecessary impact among the MFI's employees, some of the clientele lost their business which made it difficult to pay their debts on time.

According to Dabrowska et al., (2020), some MFIs which ran into liquidity shortages had difficulty to receive funding under already negotiated and signed contracts with the investors which were reluctant to disburse cash during the pandemic. At the same time, some microfinance investors had developed a special liquidity product for MFIs which provided short-term cash relief for the microfinance institutions.

The results also showed that revenue was reduced by 1% to 25% implying that the existence of the COVID-19 pandemic contributed to a reduction in revenue. Clients who do not have a

source of income these days will most likely find it difficult to pay their debts, which is why they have chosen to temporarily stop receiving cash support. Because the pandemic has harmed the business's clients, the scenario has resulted in a partial loss in revenue.

The previous literature suggests that a pandemic-induced economic downturn will put pressure on banks' loan portfolios and can lead to a large withdrawal of deposits, particularly in poor and developing countries. In line with this view, we expect that the socioeconomic damage caused by COVID-19 should deliver a negative effect on MFI financial performance. First, MFI may experience a deterioration in performance as small and medium-sized businesses (SMEs) and vulnerable households, which are among the most exposed to the COVID-19, have been struggling to meet their debt obligations (Beck, 2020; Lagoarde-Segot & Leoni, 2013).

In addition, clients who lose their jobs as a result of this covid-19 pandemic, as shown in table 4, tend to put a stop to their loan applications for fear of not being able to compensate. When some the MFI's clients are unable to pay their debts, their desire to borrow money drops as well. However, though the rate of loan applications is decreasing marginally; this does not suggest that all people who are unable to pay their obligations are no longer seeking loans. As this pandemic spurs our economy, the MFI also need to adjust and reduce their loan releases and prioritize the clients that's in need to continue their business.

In terms of workforce, the microfinance organization has retained its employees and taken some precautionary measures amidst this pandemic. According to the Area Managers/respondents, the company's last resort is a retrenchment. The MFI has implemented work from home and smaller teams rotating through the office, all of which have necessitated considerable modifications in processes and communication channels.

They also implemented flexible working arrangements and developed a software system to ease in doing business. They used remote channels to reach customers despite stay-at-home orders and infection fears. Its home-grown IT experts developed a remote program that allows business continuity even when employees are not physically present in the office. They also utilized e-wallets platforms (ASKI Barya Card and A-Cash), G-Cash and Pay-Maya.

Because of the dangers linked with the COVID-19, the data reveals that the quality of loans they obtained during the pandemic was relatively bad. According to the respondents, loans under pandemic relief programs were allowed to be rescheduled, and these rescheduled loans were allowed to be incorporated in the regular portfolio, making them performable loans. However, because these loans may not be performing, the accessible statistics on portfolio at risk offered by ASKI microfinance may not adequately reflect the underlying quality of their portfolios, even if they are accurate and created in accordance with regulatory criteria.

The findings show that, in order for ASKI microfinance institutions to adjust to the current environment in which COVID-19 is present, they must maintain lower rates in order for their businesses to remain effective and productive in the face of the pandemic. According to the respondents, because of market pressures and environmental conditions created by the pandemic, the cost per borrower rises despite their lower rates. Despite the situation, it was also demonstrated that Project Officers' productivity increases. This is because they are motivated by the business's goal and their desire to work and earn money to meet their daily needs during the pandemic.

The MFI did not change their product offerings although they may have adjusted some of their features and eligibility criteria by offering interest free periods for the first three months of the loan. The MFI also introduced new products that were specifically designed for and motivated by the current crisis. These were mostly short-term liquidity products to help the clients overcome short-term cash shortages and short-term business needs. This was the case when the national governments and development agencies introduced special emergency lending programs for small businesses during the pandemic.

The majority of respondents claimed that in order to survive the crisis and retain a healthy financial position, companies had to minimize their operational costs. They cut costs like training and professional development, lowered wage levels, and postponed key investments until the pandemic calmed down. However, the newly enforced safety measures have added additional expenses at every institution. The MFI supplies personnel and clients with alcohol, face masks, and other personal protective equipment when they visit their facility.

In terms of Profitability, the microfinance reduced their cash interest earnings throughout the pandemic as they retain lower rates than other financial institutions. Furthermore, some people have lost their business/jobs as a result of the crisis and are having difficulty repaying their obligations. As a result of these circumstances, the institutions' cash interest profits have decreased.

Conclusion

With the data given from the discussions, it can be concluded that the majority of the MFI's branches remained operational though most of them are experiencing a shortage in cash flow and decrease in revenues and loan application, while maintaining its workforce.

With regards to the assessment of the ASKI business operation using performance indicators, the majority of the Area Manager/respondents are challenged due to the impact of COVID-19 to their respective area of operation. The increasing risks in portfolio and the decrease in cash interest's earnings was encountered by most of the Area Managers. Thus, in order to continue their business operation, the Microfinance institution continues to lend to their valued clients

and maintain lower rates compared to other financial institutions and reduce operational cost to minimize expenses.

The competitive strategies and immediate responses of the microfinance institution to address the needs of their clientele. They provided relevant information on the support programs offered by the company; the tele-marketers, Project Officers and Branch Managers contacted their clients to assess their situation during the crisis. They also launched its new software system, Loan Monitoring System (LMS), for online loan applications, telemarketing and digital payment platform.

The MFI also provided job security and a safe working environment for the employees during the pandemic. Work from home arrangements, work rotation, skeletal workforce, and development of a system that will ease us on doing our business were done. Moreover, the Area Managers also agreed that they provide up to date information to their funders/partners regarding the company's performance progress and provide information on the practices of the company amidst pandemic thru technical assistance. On the other hand, the respondents are providing updated financial and non-financial reports to the Board of Directors regarding the business performance and they involve themselves in technical assistance for the clients.

Regarding creditors, the MFI requested for the new rules for risk management and loan risk classification of the company and they provide financial and non-financial reports as the basis of the creditors for the loan credit line. The microfinance are also involved in the implementation of government memorandum orders and new regulations and provide updated reports of the business status as well as the employees' health status.

Finally, the respondents agreed that they encountered a decrease in their company's profitability while experiencing a low and inadequate financial resource amidst the COVID-19 pandemic.

It is recommended for the MFI to keep on innovating, go digital and continue to strengthen the use of their procedures and embrace additional best practices to make changes if necessary. In this way, despite this pandemic, the microfinance can attain better productivity; strengthen knowledge management, education, and learning to ensure that the Microfinance Institution can learn from the current events and build their capacities based on the best practices emerging from the crisis; amend the risk framework for business operations to allow the adequate financial management in the post-crisis situation; and engaged in research and development to educate the sector, policymakers, and microfinance organizations about the needs, challenges and potential opportunities associated with the COVID crisis.

References

Aranas, L. L., Khanam, R., Rahman, M. M., & Nghiem, S. 2020. "Combining microfinance and health in reducing poverty-driven healthcare costs: Evidence from the philippines". *Frontiers in Public Health*, 8: 583455. https://doi.org/10.3389/fpubh.2020.583455.

ASKI Group of Companies, Inc. (n.d.). Retrieved (https://www.aski.com.ph/AboutUs.aspx)

Beck T. 2020. "Finance in the times of coronavirus". CEPR Press; 2020 Retrieved (http://acdc2007.free.fr/ceprcorona.pdf)

Beck, Thorsten. 2020) "Fintech and financial inclusion: Opportunities and pitfalls", *ADBI Working Paper Series*, No. 1165. Retrieved (https://www.econstor.eu/bitstream/10419/238522/1/adbi-wp1165.pdf)

Behera, D., Praveen, D., & Behera, M. R. 2020. "Protecting Indian health workforce during the COVID-19 pandemic". *Journal of Family Medicine and Primary Care*, 9(9): 4541–4546. https://doi.org/10.4103/jfmpc.jfmpc_925_20.

Bogan V.L. 2012. "Capital structure and sustainability: An empirical study of microfinance institutions. *The Review of Economics and Statistics*, 94(4): 1045–1058.

Dąbrowska K. et al., 2020. "Impact of COVID-19 Pandemic on the Microfinance Sector in Europe: Field Analysis and Policy Recommendations",*Micro Finnace Center* (s7-10).

internationalbanker. 2020. "How covid-19 is affecting microfinance". Retrieved (https://internationalbanker.com/finance/how-covid-19-is-affecting-microfinance/)

Microfinance and covid-19: A framework for regulatory response. (n.d.). Retrieved (https://www.cgap.org/research/covid-19-briefing/microfinance-and-covid-19-framework-regulatory-response)

Parmanand, S. 2021. "Regulating motherhood through markets: Filipino women's engagement with microcredit". *Feminist Review*, 129(1): 32–47. https://doi.org/10.1177/01417789211040506.

Sangwan, S., Nayak, N. C., Sangwan, V., & Pradhan, A. K. 2021. "Covid-19 pandemic: Challenges and ways forward for the Indian microfinance institutions". *Journal of Public Affairs*, 21(4). https://doi.org/10.1002/pa.2667.

Zamore, S., Beisland, L. A., & Mersland, R. 2019. "Geographic diversification and credit risk in microfinance". *Journal of Banking & Finance*, 109. https://doi.org/10.1016/j.jbankfin.2019.105665.

Zheng C., and Zhang J. 2020. "The impact of COVID-19 on the efficiency of microfinance institutions. International Review of Economics & Finance". 71: 407–423.

EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY

Lady Anne Magbitang-Murillo,MBA

Business Administration, Nueva Ecija University of Science and Technology, Philippines

Vivien Amor Viloria

Business Administration, Nueva Ecija University of Science and Technology, Philippines

Email Correspondence: ladyannemurillo20@gmail.com

ABSTRACT

The research is primary aims to determine the impact of Instructor Training and Development at the Armed Forces of the Philippines Artillery Training School in Fort Magsaysay, Nueva Ecija. The study identifies the effectiveness in terms of Trainer Training Program Effectiveness, Training Delivery, Impact of Learning and Knowledge, and Impact Behavior. The researchers followed the descriptive analytical approach in conducting the research. The researchers utilized a survey questionnaire that was facilitated online in collecting data from the respondents who are the Instructors in an artillery training School located in Palayan City, Nueva Ecija. The results of the study shows that the Instructor Training Program conducted in the Artillery Training School is highly effective in terms of the trainer, training delivery, impact on learning and knowledge, and impact on behavior. Furthermore, there is no significant relationship between age and years in service and the perception of the respondents on the effectiveness of the training program in terms of the factors used and there is no significant difference between male and female respondents' perception of the effectiveness of the training program while a significant difference exists in the perception of the effectiveness of the training program in terms of the trainer, training delivery, impact on learning, and knowledge and impact on behavior based on ranks. Based on the results of the study, it is recommended that The Instructor Training Program should be done continuously and consistently among the instructors in the Artillery Training School as it is deemed to be highly effective. However, since a significant difference in the perception of effectiveness exists based on rank, separate training programs suited for higher-ranking officers and lower-ranking officers may also be considered. Furthermore, exposure to civilian trainers should be done continuously so that they will be more exposed to trends in learning delivery. Lastly, future researchers may consider using other parameters that were not used in this study to identify the effectiveness of the training program.

KEYWORDS: Training and Development, Learning, Effectiveness, Training Delivery

EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY

Introduction

The research is primary aims to determine the effectiveness of Instructor Training and Development at the Armed Forces of the Philippines' Artillery Training School in Fort Magsaysay, Nueva Ecija. The study identifies the considerations in terms of Trainer Training Program Effectiveness, Training Delivery, Impact of Learning and Knowledge, and Impact Behavior.

Employee performance impacts the bottom line of an organization. For this reason, it is the responsibility of organizational leaders to be aware of importance of training and development's impact on the performance and evaluation of employees. Employee training and development assists the organization and employees in attaining diverse goals, such as improving morale, sense of security, employee engagement, and overall competencies necessary to perform a particular job. (Rodrigez & Walters, 2017) Employee development is the ongoing effort to improve job performance through methods such as coaching, training sessions, and leadership mentoring. Training is a specific event that teaches new information or skills, and it is frequently provided to new or recently promoted employees. Both are critical functions for human resource personnel, who are typically in charge of planning and implementing these efforts.

Once Douglas Macarthur, 1933 said it is astounding what well – trained and dedicated Soldiers can accomplish in the face of death, fear, physical, and an enemy determined to kill them. Proper training and development allow those who serve to fight, win, and return to their families. The purpose of the study is to determine the effectiveness of Instructor Training and Development program at Artillery Training School. Specifically, the study sough to find answers for the following questions:

1. How may the Profile of the respondents be described in terms of:
    a. age
    b. gender
    c. years in service
    d. rank
2. How may the effectiveness of the the training and development program be described in terms of:
    a. Trainer
    b. Training Delivery
    c. Impact on learning and knowledge
    d. Impact on behavior
3. Is there a significant relationship of age to the effectiveness of Instructors training program?
4. Is there a significant relationship of years in service to the effectiveness of Instructors training program?

Method

This section presents the research methods that were used, the respondents of the study, where the study was conducted, materials and instruments that were used, data collection, and the procedure of analysis.

RESEARCH DESIGN

The researchers followed the descriptive analytical approach in conducting the research. This research is categorized under applied research that depends mainly on data collection from primary sources through distributing a questionnaire that is designed especially for this research. Questionnaires targeted the study sample and the collected data will be analyzed in Excel.

RESPONDENTS OF THE STUDY

Respondents of the study were the participants of the Instructor Training conducted in an Artillery Training School, Army Artillery Regiment, Philippine Army located in Palayan City, Nueva Ecija. A total of 79 respondents participated in the study.

LOCALE OF THE STUDY

The study is conducted in Palayan City, Nueva Ecija**.**

MATERIALS AND INSTRUMENTS

The researchers utilized a survey questionnaire that was facilitated online in collecting data from the respondents. A questionnaire is a research instrument consisting of a series of questions for the purpose of gathering information from respondents. (McLeod, 2018)

The purpose of using a questionnaire in the study is that it is practical; a cost-efficient way to quickly collect massive amounts of information from a huge number of people in a relatively short period of time. The designed questionnaire was adapted from "Adaptation of Kirkpatrick's Four-Level Model of Training Criteria to Evaluate Training Programmes for Head Teachers" by Alsalamah,A.;Callinan,C. conducted in 2021.

The questionnaire was preceded by an introductory letter that introduces the researcher, explains the purpose of the research, and disclaimer about the Data Privacy Act of 2012. After the introductory letter follows the two-part questionnaire;

1. The first part contained general information about the employees' demographic information.
2. The second part consists of statements about the effectiveness of the training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior.

The types of questionnaires that were utilized in this study were:

EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY

1. **Open-ended,** it is a type of questionnaire that requires a specific response. The researchers used this on the first part where respondents asked questions about personal information such as age, rank, and years in service.
2. **Checklist Format,** a type of questionnaire that is considered as a totally structured format is used in the first part where respondents asked questions about personal information such as gender.
3. **Likert Scale,** it is a rating system, used in questionnaires, that is designed to measure people's attitudes, opinions, or perceptions. Subjects choose from a range of possible responses to a specific question or statement; responses typically include "strongly agree," "agree," "neutral," "disagree," and "strongly disagree." Often, the categories of response are coded numerically, in which case the numerical values must be defined for that specific study, such as 1 = strongly agree, 2 = agree, and so on. The Likert scale is named for American social scientist Rensis Likert, who devised the approach in 1932. (Jaimieson,2013)

The weighted mean of the responses to each item in the instruments was computed and interpreted using the following scale:

Table 1. Interpretation For The Weighted Mean

Data Analysis Parameter	Verbal Interpretation	Qualitative Description
3.25-4.00	Strongly Agree	Highly Effective
2.50-3.24	Agree	Effective
1.75-2.49	Disagree	Ineffective
1.00-1.74	Strongly Disagree	Irrelevant

Result

Table 2 Frequency and Percentage Distribution of Responses in terms of Age

Age	Frequency	Percentage (%)
20-25 years old	54	68.35
26-30 years old	16	20.25
30 years old and above	8	10.13
Prefer not to say	1	1.27
Total	79	100.00

Table shows the age of the respondents. 54 or 68.35% are 20-25 years old, 16 or 20.25% are 26-30 years old, 8 or 10.13% are 30 years old and above while 1 or 1.27% prefers not to say his age. The data implies that majority of the respondents are 20-25 years old.

Table 3 Frequency and Percentage Distribution of Responses in terms of Gender

Gender	Frequency	Percentage (%)
Male	74	93.67
Female	5	6.33
Total	**79**	100

EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY

Table shows the gender of the respondents. 74 or 93.675% are male while 5 or 6.33% are female.The data implies that majority of the respondents are male.

Table 4 Frequency and Percentage Distribution of Responses in terms of Rank

Rank	Frequency	Percentage (%)
Sergeant	1	1.27
Technical Sergeant	3	3.80
Corporal	5	6.33
Staff Sergeant	2	2.53
Private First Class	67	84.81
Total	79	100.00

Table shows the rank of the respondents. 1 or 1.27% are sergeant, 3 or 3.80% are Technical Sergeant, 5 or 6.33% are Corporal, 2 or 2.53% are Staff Sergeant, 67 or 84.81% are Private First Class and 1 or 1.27% are Master Sergeant. The data implies that majority of the respondents are Private First Class.

Table 5 Frequency and Percentage Distribution of Responses in terms of Years in Service

Years in Service	Frequency	Percentage (%)
One year and below	54	68.35
2-10 years	13	16.46
11 years - 19 years	3	3.80
20 years and above	9	11.39
Total	79	100.00

Table shows the years in service of the respondents. 54 or 68.35% are in service for at least one year, 13 or 1646% are in service for 2-10 years, 3 or 3.80% are in service for 11-19 years and 9 or 11.39% are in service for 20 years and above. The data implies that majority of the respondents are at least one year in service.

Table 6 Weighted Mean and Verbal Interpretation of the effectiveness of the training program in terms of Trainer

Statements	Weighted Mean	Verbal Interpretation	Qualitative Description
The trainer was an effective communicator with trainees.	3.96	Strongly Agree	Highly Effective
The trainer prepared the learning materials in an appropriate manner and in accordance with the objectives of the training program.	3.92	Strongly Agree	Highly Effective
The trainer prepared training activities appropriately and in accordance with the objectives of the training program.	3.92	Strongly Agree	Highly Effective
The trainer used appropriate training methods that were compatible with the course objectives.	3.92	Strongly Agree	Highly Effective
The trainer achieved the goals of the program	3.91	Strongly Agree	Highly Effective
The trainer gave trainees an opportunity to discuss and ask questions.	3.95	Strongly Agree	Highly Effective
Average Weighted Mean	**3.93**	**Strongly Agree**	**Highly Effective**

As indicated in the table, the respondents described the effectiveness of the training program in terms of the trainer based on the following statement :

"The trainer was an effective communicator with trainees." got a weighted mean of 3.96; statements "The trainer prepared the learning materials in an appropriate manner and in accordance with the objectives of the training program.", "The trainer prepared training activities appropriately and in accordance with the objectives of the training program." And "The trainer used appropriate training methods that were compatible with the course objectives." got 3.92; "The trainer achieved the goals of the program" got 3.91; and "The trainer gave trainees an opportunity to discuss and ask questions." got a weighted mean of 3.95. With an overall weighted mean of 3.93, the respondents strongly agree that the trainers of the training program are highly effective.

Table 7 Weighted Mean and Verbal Interpretation of the effectiveness of the training program in terms of Training Delivery

Statements	Weighted Mean	Verbal Interpretation	Qualitative Description
The training took place at a suitable time for me	3.95	Strongly Agree	Highly Effective
The subject content in the program was relevant to my job	3.95	Strongly Agree	Highly Effective
The training program combined theory and practice.	3.94	Strongly Agree	Highly Effective
The content of the training program included up-to-date theory and practical information.	3.94	Strongly Agree	Highly Effective
The audio-visual aids were effective.	3.87	Strongly Agree	Highly Effective
The length of the training program was suitable and adequate.	3.89	Strongly Agree	Highly Effective
The handouts provided will help me to meet all my training needs	3.91	Strongly Agree	Highly Effective
The training program was linked to my training needs and my current job tasks.	3.91	Strongly Agree	Highly Effective
I feel that the program will help me do my job better in the future.	3.92	Strongly Agree	Highly Effective
The organization of the training room was appropriate for the nature of the training.	3.92	Strongly Agree	Highly Effective
The training techniques were appropriate for the training situation.	3.92	Strongly Agree	Highly Effective
Average Weighted Mean	**3.92**	**Strongly Agree**	**Highly Effective**

As indicated in the table, the respondents described the effectiveness of the training program in terms of the training deliver. The statements, "The training took place at a suitable time for me" and "The subject content in the program was relevant to my job" got a weighted mean of 3.95; "The training program combined theory and practice." And "The content of the training program included up-to-date theory and practical information." Got a weighted mean

of 3.94;" The audio-visual aids were effective." got 3.87; " The length of the training program was suitable and adequate." got 3.89"; statements "The handouts provided will help me to meet all my training needs" and "The training program was linked to my training needs and my current job tasks." Both got 3.91 while statements "I feel that the program will help me do my job better in the future.", "The organization of the training room was appropriate for the nature of the training." And "The training techniques were appropriate for the training situation." All got a weighted mean of 3.92. With an overall weighted mean of 3.92, the respondents strongly agree that the program's training delivery is highly effective.

Table 8 Weighted Mean and Verbal Interpretation of the effectiveness of the training program in terms of the Impact on learning and knowledge

Statements	Weighted Mean	Verbal Interpretation	Qualitative Description
My knowledge and information developed as a result of the training.	3.95	Strongly Agree	Highly Effective
Through the training program, I learned about some laws, theories, and practices and learned information I did not know before.	3.96	Strongly Agree	Highly Effective
The training program provided me with practical skills in my field that I did not have before.	3.96	Strongly Agree	Highly Effective
The training program provided an opportunity for the exchange of new information, knowledge, and experiences among participants.	3.96	Strongly Agree	Highly Effective
The training program helped me to succeed in my work in a way that I would not have been able to before.	3.96	Strongly Agree	Highly Effective
The training program motivated me and made me interested in learning more.	3.97	Strongly Agree	Highly Effective
The training program has helped to change my attitude towards the topic and training area.	3.96	Strongly Agree	Highly Effective
Average Weighted Mean	**3.96**	**Strongly Agree**	**Highly Effective**

EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY

The table shows the respondents' perception on the impact of the training program on their learning and knowledge.

The statement "My knowledge and information developed as a result of the training." got a weighted mean of 3.95; statements "Through the training program, I learned about some laws, theories, and practices and learned information I did not know before.", "The training program provided me with practical skills in my field that I did not have before.", "The training program provided an opportunity for the exchange of new information, knowledge, and experiences among participants.", "The training program helped me to succeed in my work in a way that I would not have been able to before.", and "The training program has helped to change my attitude towards the topic and training area." All got 3.96; and "The training program motivated me and made me interested in learning more." Got a weighted mean of 3.97. With an overall weighted mean of 3.96, the respondents strongly agree that the training program has is a high positive impact on their learning and knowledge making it highly effective.

Table 9 Weighted Mean and Verbal Interpretation of the effectiveness of the training program in terms of the Impact on behavior

Statements	Weighted Mean	Verbal Interpretation	Qualitative Description
The training program helped me organize my instructor role more effectively.	3.94	Strongly Agree	Highly Effective
The training program inspired me to improve my achievement.	3.94	Strongly Agree	Highly Effective
The training program increased my ability to perform well in my job role	3.94	Strongly Agree	Highly Effective
The training program helped me to develop leadership behavior	3.95	Strongly Agree	Highly Effective
The training program helped me to prove myself in my work as an instructor	3.94	Strongly Agree	Highly Effective
My behavior changed positively after completing the training program.	3.96	Strongly Agree	Highly Effective
Average Weighted Mean	**3.94**	**Strongly Agree**	**Highly Effective**

The table shows the respondents' perception on the impact of the training program on their beahvior.

EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY

The statements "The training program helped me organize my instructor role more effectively.", "The training program inspired me to improve my achievement.", "The training program increased my ability to perform well in my job role" and "The training program helped me to prove myself in my work as an instructor" got a weighted mean of 3.94; "The training program helped me to develop leadership behavior" got 3.95; and "My behavior changed positively after completing the training program." got a mean score of 3.96.

With an overall weighted mean of 3.94, the respondents strongly agree that the training program is highly effective as it has high positive impact on their behavior.

Table 10 Test of Relationship between <u>Age</u> and Effectiveness of Instructor Training Program

Factors	R-Value	Verbal Interpretation
Trainer	0.11	Negligible Positive Correlation
Training Delivery	0.02	Negligible Positive Correlation
Impact on Learning and Knowledge	-0.20	Negligible Negative Correlation
Impact on Behavior	-0.16	Negligible Negative Correlation

*Legend:
±1.00 = Perfect Positive (Negative) Correlation
± 0.91 to ± 0.99 = Very High Positive (Negative) Correlation
± 0.71 to ± 0.90 = High Positive (Negative) Correlation
± 0.51 to ± 0.70 = Moderately Positive (Negative) Correlation
± 0.31 to ± 0.50 = Low Positive (Negative) Correlation
± 0.01 to ± 0.30 = Negligible Positive (Negative) Correlation
0 = No Correlation

The table above shows the significant relationship of age to the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior, all of which shows negligible correlation. The data implies that age has no significant relationship on the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior

Table 11 Test of Relationship between <u>Years in Service</u> and Effectiveness of Instructor Training Program

Factors	R-Value	Verbal Interpretation
Trainer	0.13	Negligible Positive Correlation
Training Delivery	0.02	Negligible Positive Correlation
Impact on Learning and Knowledge	-0.21	Negligible Negative Correlation
Impact on Behavior	-0.12	Negligible Negative Correlation

*Legend:

±1.00 = Perfect Positive (Negative) Correlation
± 0.91 to ± 0.99 = Very High Positive (Negative) Correlation
± 0.71 to ± 0.90 = High Positive (Negative) Correlation
± 0.51 to ± 0.70 = Moderately Positive (Negative) Correlation
± 0.31 to ± 0.50 = Low Positive (Negative) Correlation
± 0.01 to ± 0.30 = Negligible Positive (Negative) Correlation

0 = No Correlation

The table above shows the significant relationship of years in service and the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior, all of which shows negligible correlation.

The data implies that the length of time spent in service has no significant relationship on the perception of the respondents on effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior.

Table 12 Test of the Difference Between Gender and Effectiveness of Instructor Training

Challenges	T-stat	T-Critical	Verbal Interpretation	Measure of Difference
Trainer	-76.79	1.65	Accept Null	Not Significant
Training Delivery	-76.60	1.65	Accept Null	Not Significant
Impact on Learning and Knowledge	-87.30	1.66	Accept Null	Not Significant
Impact on Behavior	-78.26	1.65	Accept Null	Not Significant

*Legend: T-stat > T-critical = Significant T-stat < T-critical = Not Significant

EFFECTIVENESS OF INSTRUCTOR TRAINING AND DEVELOPMENT AT ARTILLERY TRAINING SCHOOL, ARMY ARTILLERY REGIMENT, PHILIPPINES ARMY

The table above shows the test of significant difference on the perception of respondents on the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior based on their gender.

The data implies that regardless of sexes, the respondents' perception on the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior is the same.

Table Test of the Difference Between Ranks and Effectiveness of Instructor Training

Challenges	F	F-Critical	Measure of Difference
Trainer	2.97	1.31	Significant
Training Delivery	6.12	1.29	Significant
Impact on Learning and Knowledge	2.20	1.30	Significant
Impact on Behavior	2.68	1.31	Significant

*Legend: F < F-critical= Not Significant F > F-critical= Significant

Discussion

The table above shows the test of significant difference on the perception of respondents on the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior based on their ranks.

The data implies that the perception of the respondents on the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior differs significantly based on their ranks.

Conclusion

1. Majority of the respondents are 20-25 years old, male, Private First Class and is in the service for a year.
2. The Instructor Training Program conducted in the Artillery Training School is the highly effective in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior.
3. There is no significant relationship between age and years in service and the perception of the respondents on the effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior.

There is no significant difference between male and female respondents' perception on the effectiveness of training program while a significant difference exists on the perception on the

effectiveness of training program in terms of trainer, training delivery, impact on learning and knowledge and impact on behavior based on ranks.

Reference

Alsalamah, A., & Callinan, C. 2021. "Adaptation of kirkpatrick's four-level model of training criteria to evaluate training programmes for head teachers". *Education Sciences*, 11(3): 116. https://doi.org/10.3390/educsci11030116.

Chua, C., and Archog, J. 2018. "Assessing Air Force Officers' Satisfaction on the Use of SOC Virtual Classroom: Input to Professional Military Education e-Learning Design and Implementation". *The Electronic Journal of eLearning*, 16(2): 134-147.

Eni Kusiani, Ansar, et al. 2021. "Increasing the Professionalism of Military Teachers with Training and Experience through Competence". *Proceedings of the International Conference on Industrial Engineering and Operations Management, Sao Paulo, Brazil".*

Huluba, A.-E. 2021. "The process of continuous training of military personnel in the 21st century". *Journal of Defense Resources Management*, 12(2): 189–199.

Lima, W. C. D. 2020. "Military Instructor: The teaching practice in the training of Air Force soldiers".

Kirchner, M., & Akdere, M. 2017. "Military leadership development strategies: Implications for training in non-military organizations". *Industrial and Commercial Training*, 49(7/8): 357–364. https://doi.org/10.1108/ICT-06-2017-0047.

Trimillos, Amanda D. 2018. "Professional development for teachers working with a military-connected student population—Proquest". Retrieved from https://www.proquest.com/docview/2185764036.

Training: The foundation for success in combat. (n.d.). "The Heritage Foundation". Retrieved (https://www.heritage.org/military-strength-topical-essays/2019-essays/training-the-foundation-success-combat)

Rodriguez Joel and Walters Kelly. 2017. "The Importance of Training and Development in Employee Performance Evaluation".

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

Kiki Nurfadhila

Accounting Study Program, Institut Teknologi dan Bisnis Asia, Indonesia

Ditya Wardana

Institut Teknologi dan Bisnis Asia, Indonesia

Email Correspondence: kikinurfadhila220@gmail.com

ABSTRACT

This study aims to determine the effect of Return On Assets, Return On Equity, Firm Size and Operating Cash Flow on Stock Returns listed on the Indonesia Stock Exchange (IDX). This research was conducted on companies listed on the Indonesia Stock Exchange for the period 2018-2020. The sampling technique used in this research is purposive sampling technique. The sample of this study were 29 companies. The data used is secondary data and the data analysis technique used is multiple linear regression analysis with the help of the Statistical Product and Service Solution (SPSS) version 25.0 program to test the effect of the independent variables on the dependent variable. Based on the results of the research analysis, it was found that Return on Equity, Firm size, and Operating Cash Flow had a positive and significant effect on Stock Return, while Return on Assets had no effect on Stock Return.

KEYWORDS: *Return On Assets, Return On Equity, Firm Size, Operating Cash Flow, Stock Return*

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

Introduction

Each company has its own ability in terms of building and continuing its business. The public can assess how the company's ability to generate operating cash flow and accounting profit can be seen fromthe performance of the company's statements.

Because this industrial sector plays an important role among the wider community in meeting their daily needs, food and beverage sub-sector companies are one of the industrial sector categories that have quite good prospects and tend to be in demand by investors as one of their investment targets. (Sudjarni, 2017)

Source: Central Bureau of Statistics

The Central Statistics Agency (BPS) stated that, gross domestic product (GDP) on the basis of constant prices (ADHK) of the food and beverage industry (mamin) amounted to IDR 775.1 trillion in 2021. This value grew by 2.54% compared to the previous year (year on year / yoy) yang amounting to Rp755.91 trillion. Food and beverage sub-sector companies are still surviving even though faced with the Covid-19 pandemic in Indonesia. Based on data from the Ministry of Investment/Investment Coordinating Board (BKPM) The value of investment in the beverage industry has also become the fifth largest of all existing sectors, the resilience of the food and beverage industry can also be seen from the amount of investment they can accommodate throughout the first semester of 2021. this is what makes the food and beverage sub-sector company become one of the sectors that rises so that it is in demand by investors in making investments in the hope of getting a return on shares.

According to Brigham and Houston (2013), signal theory is an action taken by the management of a company to provide clues to investors about how management assesses the prospects of

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

the company. Companies with very bright prospects prefer not to fund through new stock offerings, while companies with poor prospects do like funding with outside equities. The information in the financial statements is a company signal to stakeholders that can influence decision making. The better the kinerja of the company which is reflected in the ratios of the financial statements, the more interested the investor is to invest in his shares. By providing the company's financial information in the form of financial statements, it will encourage investors to a better prospect, this can be seen from the completeness of the financial statements issued by the company. In addition, management's decision to estimate profits properly in the future and be informed to investors can lead the company in a much better direction.

With the increase in the stock price, the return on shares of the company concerned will also increase. The return on shares itself is the expectation for investors from funds invested through stocks, where the result is in the form of yield and capital gains (losses) (Hartono, 2010). According to Halim (2005) current income and capital gains are elements of stock returns.

Based on previous research, the variables that affect stock returns are return on assets (ROA), return on equity (ROE), Firm size, operating cash flow. Return on assets (ROA) is a form of profitability ratio intended to measure a company's ability to overall funds invested in activities used for the company's operating activities with the aim of making a profit byutilizing its assets. Based on research conducted by (Basalama et al., 2015), (Putra & Kindangen, 2016), (Gunadi & Kesuma, 2015). (Febrion, 2018) shows that return on assets (ROA) has no significant effect on returnsn shares.

The high return on equity (ROE) reflects that the company managed to make a profit from its own capital. The increase in Return on Equity (ROE) will also boost the company's selling value which has an impact on the stock price, so this hal is correlated with an increase in stock returns. In the research conducted by (Nurhayani. A & Mandala, 2016), (Carlo, 2014), shows that return on equity (ROE) has a positive and significant effect on stock returns. However, according to (Oktofia et al., 2016) return on equity (ROE) does not have a significant effect on stock returns. According to Devi (2010) securities of small companies may be less marketable so they require pricing in such a way that investors obtainhasil that provides higher returns. Based on research (Nurhayani. A & Mandala, 2016) states that the size of the company has a positive and significant effect on stock returns.

Operating cash flow is a statement of cash inflows and outflowsfrom the company for one period. Ikhsan and Teddy (2009) stated that the cash flow statement provides useful information regarding the company's ability to generate operating cash, maintain and expand its operating capacity tomeet its financial obligations and pay dividendsOne of the studies that tested the relationship between operating cash flow and stock returns was conducted by

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

(Nurhayani. A & Mandala, 2016) where they stated that operating cash flow has a significant influenceon stock returns. Based on the background and also the inconsistency of the results from previous studies, the researcher will re-examine the factors that affect stock returns because there are differences in results in previous studies. The factorsused in this study are return on assets (ROA), return on equity (ROE), Firm size, operating cash flow, Based on this, this study is entitled "The Effect of Return on Assets, Return on Equity, Firm Size, and Operating Cash Flow on Stock Returns in Companies listed on the Indonesia Stock Exchange (IDX)". The purpose of this study is to determine and analyze the effect of return on assets (ROA), return on equity (ROE), Firm size, operating cash flow on stock returns. Based on the above background, the conceptual framework can be described as follows:

Figure 1. Conceptual Framework
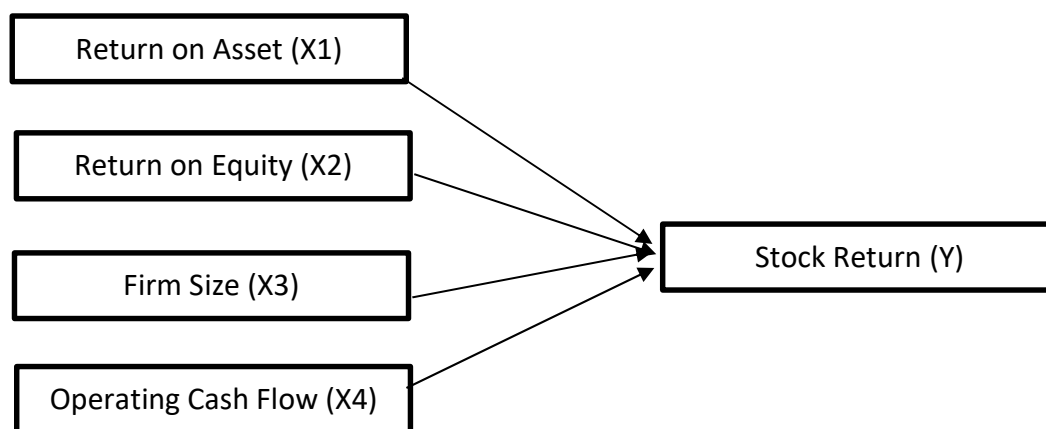
Effect of Return on Assets on Stock Returns

ROA is the company's ability to utilize its assets to make a profit. The greater the value of return on assets, the better the company's performance, because the rate of return on investment is getting bigger. Return on Asset measures a company's ability to generate profits based on assets owned in a certain period of time. Basedon the results of research by Handayati & Zulyanti (2018), Erari (2014), Mayuni & Suarjaya (2018), Ulupui (2010) stated that Return on Assets has a significant effect on stock returns.

H_1 : Return on Asset (ROA) affects Stock Return.

Effect of Return on Equity on Stock Returns

The greater the return on equity (ROE) the greater the pasar price, because the large return on equity (ROE) gives an indication that the return that the investor will receive will be high so that investors will be interested in buying the stock, and it causes the stock market price to tend to rise. Based on the results of research by Carlo (2014), Atiqoh et al. (2019), Worotikan et al. (2021) stated that return on equity (ROE) affects stock returns. This means that the

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

higher the return on equity (ROE) of a company, the higher the return of shares produced. Based on previous studies, the hypothesis of this study is:

H_2 : return on equity (ROE) affects stock returns.

The Effect of Firm Size on Stock Returns

The size of the company is also arepulsion of the u kur for a company to determine the type of company capacity it has. Based on the signaling theory, the large size of the company reflects that the company has a good performance for the future so that it becomes a positive signal for themarket so that it will be willing to pay more to get company shares. The size of the company as measured by the Natural Logarithm of the company's total assets affects the return on shares. Based on the results of research by Pratiwi & Putra (2015), and Sugiarto (2011) stated that firm size affects stock returns. Therefore, investors are more speculated to choose a large company in the hope of obtaining a large profit (return) as well. Based on the explanation above, the hypotheses in this study are:

H_3 : The size of the company affects the return on shares.

Effect of *Operating Cash Flow* on Stock Returns
Operating cash flow which is a measuring instrument that can determine whether the company's operating activities can generate sufficient cash flow topay off loans and maintain the company's operating capabilities. Information about the cash flow of a company is useful for users of financial statements as a basis for assessing the company's capabilities and assessing the company's need to use the cash flow. Based on the results of research by rachmawati ria (2016), Nurhayani. A & Mandala (2016) stated that operating cash flow affects stock returns. The more efficient the market, the more convincing the information about the increase in cash flow of operating activities will be to increase stock returns. Based on the explanation above, the hypotheses in this study are:

H_4 : *Operating cash flow affects stock returns.*

Method

This research uses an associative quantitative approach. The population that is the object of this study includes all Food and Beverage companies listed on the Indonesia Stock Exchange for the 2018-2020 period. The sampling technique was purposive sampling and 13 food and beverage companies were obtained based on predetermined criteria. In this study, the sample was companies that met certain criteria according to Bahri (2018) with modifications from peneliti. The criteria for the research sample are:

 1. Food and Beverage companies listed on the IDX have issued financial statements successively during the 2018-2020 period.

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

2. Food and Beverage companies that provide financial statements on a continuous basis during the 2018-2020 period.
3. Food and Beverage companies that earned consecutive profits during the period 2018-2020.
4. Food and Beverage companies that distribute dividends during the 2018-2020 period.

Research Variables

Stock Return (Y)

Stock return is the profit of the price difference (capital gain) which is the profit received due to the difference between the selling price and the purchase price of shares from an investment instrument, which means that the investment instrument must betraded in the market. Annual stock return of Food and Beverage companies listed on the Indonesia Stock Exchange in 2018-2020.

Return On Assets (X1)

According to Fahmi (2015) return on assets (ROA) measures the investment that has been invested in being able to provide a return on profits as expected. The return on assets (ROA) ratio is calculated in the following way:

$$\text{Return on Assets} = \frac{\text{Net profit after tax}}{\text{Total Assets}} \text{ x } 100\%$$

$$\dotfill 1$$

Return on Equity (X2)

Return on equity is a profitability ratio that measures a company's ability to generate a profit from shareholders' investments in the company. This ratio can be calculated by the following formula:

$$\text{Return on Equity} = \frac{\text{Net profit after tax}}{\text{Total Equity}} \text{ x } 100\%$$

$$\dotfill 2$$

Operating Cash Flow (X3)

Operating cash flow is a statement of the company's operating cash flow. In this study operating cash flow is calculated as a change in operating cash flow formulated as follows:

$$\text{AKO} = \frac{\text{AKOi,t} - \text{AKOi(t-1) x 100}}{\text{AKOt,(t-1)}}$$

$$\dotfill 3$$

Information:
AKO = *Operating cash flow*
AKOi,t = *operating cash flow for the current period*

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

AKOi,(t-1)   =
operating cash flow of the previous period

Firm Size (X4)

Firm size in a company is basically a grouping of companies into several groups, including large, medium and small companies. Company scale is a measure used to reflect the size of the company based on the company's total assets (Suwito and Herawaty, 2005). To determine the size of the enterprise can be calculated in the following way:

Company Size = Ln (Total Assets).

The analysis method in this study aims to test hypotheses with the berga nda regression method. Multiple regression analysis is an analysis that connects between two or more independent variables with dependent variables. The purpose of multiple regression analysis is to measure the intensity of the relationship of two or more variables (Bahri, 2018). Through regression analysis, further testing is carried out with the formula:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e \qquad \qquad 4$$

Information:

Y   : *Dependent Variable (Stock Return)*

a   : *Constant Value*

b   : *Regression Coefficient*

x_1 : *Return On Assets*

x_2 : *Return On Equity*

x_3 : *Operating Cash Flow*

x_4 : *Firm Size*

e   : *Error (Residual)*

Hypothesis Test

Bahri *(*2018) the value of t is obtained in the output part of the regression coefficient used for hypothesis testing the influence of individual independent variables on dependent variables. To test the hypothesis, the criteria for taking themessenger's kep are as follows:

a.   If the signification value > 0.05 then H_1 is rejected, meaning that the individual independent variable has no effect on the dependent variable.

b.   If the signification value ≤ 0.05 then H_1 is accepted, meaning that the independent variable individually and significantly affects the dependent variable.

Result

After statistical testing using SPSS 25.00, descriptive statistics were generated which aimed to provide an overview of the characteristics of research variables (Ghozhali, 2006).

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

Table 1. Descriptive Statistics

	Mean	Std. Deviation	N
STOCK RETURNS	3239.768974358974400	4032.179928403490500	39
Roa	24.989254431020807	134.627486927404160	39
Roe	7.501526894148395	52.955063346654310	39
FIRM SIZE	24.101323758118546	5.443689098241141	39
OPERATING CASH FLOW	1866178739308.539	3508116557927.2400	39

Classical assumption tests are carried out before hypothesis testing, this test needs to be applied because a regression model will be able to be analyzed properly if it meets the requirements of classical assumptions (Ghozhali, 2006).

Table 2. Klomogorov-Smirnov Normality Test Results

		Unstandardized Residual
N		39
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2429.52474057
Most Extreme Differences	Absolute	.126
	Positive	.111
	Negative	-.126
Statistical Test		.126
Asymp. Sig. (2-tailed)		.124[c]

Based on the test results of the residual value, it is known that the Asymptotic Significance value is 0.124. Thus the results show that the data is normally distributed because the Asymptotic Significance is greater than 0.05. This result is juga reinforced in the image below.

Table 3. Multicholinearity Test Results

Type		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	11985.368	2361.746		5.075	.000		
	Roa	.734	3.438	.025	.214	.832	.810	1.234
	Roe	22.252	8.948	.292	2.487	.018	.773	1.293
	FIRM SIZE	-392.999	89.791	-.531	-4.377	.000	.727	1.376
	OPERATING CASH FLOW	2,899E-10	.000	.252	2.191	.035	.806	1.241
a. Dependent Variable: STOCK RETURN								

The Coefficients table shows that the VIF value of the ROA variable is 1.234, the ROE variable is a VIF value of 1.293 and the firm size variable is a VIF value of 1.376 and the operating cash flow variable is a VIF value of 1.241. The values of the four variables < 10 or no free variabels that have a variance inflation factor (VIF) above 10, so it is concluded that there is no multicollinearity between free variables in the regression model used.

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

Table 4. Heterochedasticity Test Results

			Roa	Roe	FIRM SIZE	OPERATING CASH FLOW	Unstandardized Residual
Spearman's Rho	Roa	Correlation Coefficient	1.000	.586**	-.425**	.456**	.047
		Sig. (2-Tailed)	.	.000	.007	.004	.778
		N	39	39	39	39	39
	Roe	Correlation Coefficient	.586**	1.000	-.316	.460**	.220
		Sig. (2-Tailed)	.000	.	.050	.003	.177
		N	39	39	39	39	39
	FIRM SIZE	Correlation Coefficient	-.425**	-.316	1.000	-.294	.051
		Sig. (2-Tailed)	.007	.050	.	.070	.759
		N	39	39	39	39	39
	OPERATING CASH FLOW	Correlation Coefficient	.456**	.460**	-.294	1.000	.199
		Sig. (2-Tailed)	.004	.003	.070	.	.225
		N	39	39	39	39	39
	Unstandardized Residual	Correlation Coefficient	.047	.220	.051	.199	1.000
		Sig. (2-Tailed)	.778	.177	.759	.225	.
		N	39	39	39	39	39
**. Correlation Is Significant At The 0.01 Level (2-Tailed).							

Based on the correlations table, it shows the correlation between the variables ROA, ROE, Firm size and operating cash flow with the value of Unstandardized residual having a significance value (Sig 2 tailed) of more than 0.05. A significance level of 0.778 > 0.05 means that heteroskedasticity does not occur.

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

Table 5. Autocoleration Test Results

Lag	Autocorrelation	Std. Error[a]	Box-Ljung Statistics Value	Df	Sig.[b]
1	.417	.154	7.322	1	.007
2	.027	.152	7.353	2	.025
3	-.081	.150	7.641	3	.054
4	-.071	.148	7.870	4	.096
5	-.106	.146	8.403	5	.135
6	-.038	.144	8.473	6	.205
7	-.055	.141	8.627	7	.281
8	.130	.139	9.493	8	.302
9	.137	.137	10.492	9	.312
10	.051	.135	10.636	10	.387
11	-.020	.132	10.660	11	.472
12	-.106	.130	11.325	12	.501
13	-.229	.128	14.547	13	.336
14	-.175	.125	16.496	14	.284
15	-.160	.123	18.198	15	.252
16	-.092	.120	18.793	16	.280

a. The underlying process assumed is independence (white noise).
b. Based on the asymptotic chi-square approximation.

Table 5 shows that 16 lags are insignificant. The conclusion that tests with the Box-Pierce and Ljung Box tests did not show any autocorrelation.

Table 6. Multiple regression Test Results

Type		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	11985.368	2361.746		5.075	.000
	Roa	.734	3.438	.025	.214	.832
	Roe	22.252	8.948	.292	2.487	.018
	FIRM SIZE	-392.999	89.791	-.531	-4.377	.000
	OPERATING CASH FLOW	2,899E-10	.000	.252	2.191	.035

The correlation coefficient (R) describes the strength of the relationship between independent variables and dependent variables. The correlation coefficient (R) is said to have a strong relationship when R > 0.5. Based on the table above, it can be seen that the correlation coefficient (R) between return on assets (X1), Return on equity (X2), Firm size (X3), operating cash flow (X4) has a strong relationship because R of 0.798 is greater than 0.5. The magnitude of the percentage of the influence of independent variables on dependents can be seen from Adjusted R Square of 0.594. Thus, return on assets (X1), Return on equity (X2), Firm size (X3), operating cash flow (X4) has an effect of 59.4% on the Return on Shares (Y) of food and beverage companies listed on the IDX for the 2018-2020 period. The sisanya of 40.6% is explained by other variables that were not included in this study.

The statistical test t basically shows how far the independent variable affects the dependent variable by assuming that another independent variable is considered constant. Based on the

results of the t test in table 6, it shows that only hypotheses of 1 ditolak are seen from the significance value of t which > 10% and hypotheses2, 3, and 4 are accepted. This means that partially the variable return on assets does not affect stock returns while the variable return one quity, firm size and operating cash flow have apositive impact on stock returns with a significance level of 10%. This can be seen from the value of the coefficients of return on equity (X2), firm size (X3) and operating cash flow (X4) showing significant values with significance of 0.018, 0.000, and 0.035 (>10%).

Discussion

Return On Asset (ROA) affects Stock Return

ROA shows the effectiveness of companies utilizing their assets to generate net profit after tax. However, in this study, the results were obtained that ROAdid not have a significant effect on stock returns. This shows that the effectiveness of using assets owned by the company in generating net profit after tax is not a reference for investors in making investment decisions. Investor does not solely use ROA as a measure in assessing a company's performance to predict the return of a company (Setiyono, 2016). This is consistent with the research of Nur et al. (2018), Setiyono & Amanah (2016), Mangantar et al. (2020) which states that ROA has no significant effect on stock returns. The company's ability to generate profit by utilizing its assets has not been able to become a reference for investors in assessing the company's financial management.

Return On Equity (ROE) affects Stock Returns

Based on the results of the regression test, hypothesis 2 affects stock returns. The positive relationship of ROE to stock returns shows that if ROE increases, stock returns will also increase. Ipay attention to the value of ROE in making decisions to invest. ROE is a profitability ratio that reflects the company's ability to generate profits for shareholders on the capital it has invested. This will bean attraction for investors to invest in the company (Nurmasari (2017). With the increasing demand for shares, it causes the stock price to rise and this causes the Stock Return or return rate to be large due to the difference in the current stock price with the previous period. This is in accordance with the research of Devi & Artini (2019) which states that Return on Equity (ROE) has a significant effect on Stock Returns.

Firm Size affects *Return* Saham

Based on the results of the regression test that hypothesis 3 affects stock returns, this significant influence indicates that the Company Size affects stock returns. The size of the company indicates that the larger and more established a company will have a greater chance of going to the capital market, and vice versa. The more efficient the market, the more convincing the information about the increase in the size of the company will be able to

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

increase stock returns (Pratiwi & Putra, 2015). This is consistent with research by Sugiarto (2011) which states that Company Size has a significant effect on stock returns.

Operating cash flow **affects** **Stock** *Returns*

Based on the results of the regression test, hypothesis 4 affects stock returns. This shows that operating cash flow has a significant effect on stock returns. Operating cash flow is an important element needed by investors in making investment decisions. Investors use operating cash flow information as a measurement of the company's performance andare able to describe economic conditions and are able to provide a basis for future cash flow projections that tend to be measured through stock prices and stock returns. Operating cash flow is a measuring instrument that can determine whetherthe company's opera activities can generate sufficient cash flow to pay off loans, maintain the company's operating capabilities, pay dividends and make new investments without relying on outside funding sources (Nurhayani. A & Mandala, (2016). the results ofthis study support research from Nurhayani. A & Mandala (2016) which states that operating cash flow affects stock returns.

Conclusion

Based on the results of the discussion that has been described in the previous chapter, the following conclusions are obtained. Return On Asset does not affect the Return on Shares in food and beverage companies listed on the Indonesia Stock Exchange. Investors do not solely use ROA as a measure in assessing a company's performance to predicta company's return n. Return on equity has a significant effect on stock returns in food and beverage companies listed on the Indonesia Stock Exchange. This will be an attraction for investors to invest in the company. Firm size has a positive and significant effect on Stock Returns in food and beverage companies listed on the Indonesia Stock Exchange. The more efficient the market, the more convincing the information about the increase in the size of the company will be able to increase stock returns. Operating cash flow has a significant effect on stock returns in food and beverage companies listed on the Indonesia Stock Exchange. Operating cash flow is an important element needed by investors in making investment decisions.

Based on the conclusions and analysis that has been carried out, the advice for researchers can then use the lai n sub-sectoror all companies listed on the Indonesia Stock Exchange so that the results can be generalized, for the Return On Asset variable can use other variables and the research period can use a longer period of time again, so as to maximize in obtaining research results.

References

Atiqoh, R., Hetika, & Krisdiyawati. 2019. "The Effect Of Stock Liquidity And Return On Equity (Roe) On Stock Returns In Lq45 Index Companies Listed On The Indonesia Stock Exchange". *Journal Of Accounting*, *126*(1): 1–7.

Bahri, S. 2018. Complete Business Research Methodology with SPSS Data Processing Techniques. 1st ed. Andi.

Basalama, I. S., Murni, S., & Sumarauw, J. S. B. 2015. "Effect of Current Ratio, DER and ROA on Stock Returns in Automotive and Component Companies for the 2013-2015 Period". *The Journal of the Japan Society for Respiratory Endoscopy*, *37*(3): 343. https://doi.org/10.18907/jjsre.37.3_343_4

Carlo, M. A. 2014. "*The Effect Of Return On Equity, Dividend Payout Ratio, And Price To Earnings Ratio On Stock Returns*". *1*: 151–164.

Erari, A. 2014. "Analysis of the Effect of Current Ratio, Debt To Equity Ratio, and Return On Assets on Stock Returns in Mining Companies on the Indonesia Stock Exchange". *Journal of Business Management, University of Muhammadiyah Yogyakarta*, *5*(2): 174–191. https://doi.org/10.18196/mabis.v5i2.1099

Febrion, R. 2018. "Effect Of Return On Assets, Return On Equity, Earning Per Share, And Current Ratio On Stock Return (On Company That Listed On Index Lq45 On Indonesia Stock Exchange". *Angewandte Chemie International Edition, 6(11): 951–952.*

Gunadi, G. G., & Kesuma, I. K. W. 2015. "The effect of ROA, DER, EPS on Return… assess the company's performance to estimate returns. Crabb (2003) in estimating the share price of a company". *E-Journal of Management of Udayana University*, *4*(6): 1636-1647.

Handayati, R., & Zulyanti, N. R. 2018. "*The Effect Of Earnings Per Share (Eps), Debt To Equity Ratio (Der), And Return On Assets (Roa) On Stock Returns In Manufacturing Companies Listed On The IDX*". (1): 615–620.

Mangantar, A. A. A., Mangantar, M., Baramuli, D. N., Economics, F., Business, D., Management, J., Sam, U., & Manado, R. 2020. "Effect of Return on Asset, Return on Equity And Debt To Equity Ratio On Stock Return In Food and Beverage Subsector On Indonesia Stock Exchange". *EMBA Journal: Journal of Economic Research, Management, Bisnis And Accounting*, *8*(1): 272–281.

Mayuni, ida ayu ika, & Suarjaya, G. 2018. "*the effect of roa, firm size, eps, and per on stock returns in the manufacturing sector in bei*". *7*(8): 4063–4093.

Nur, F., Samalam, A., Mangantar, M., Saerang, I. S., Economy, F., Bisnis, D., Management, J., Sam, U., & Manado, R. 2018. "Effect of Return on Assets, Return on Equity And Debt To Equity Ratio On Stock Returns In Insurance Companies In Bei Period 2012-2016". *EMBA Journal: Journal of Economic Research, Management, Business And Accounting*, *6*(4): 3863–3872.

THE EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, FIRM SIZE AND OPERATING CASH FLOW ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

Nurhayani. A, A., & Mandala, K. 2016. "Effect of Return on Equity, Earning Per Share, Firm Size And Operating Cash Flow On Stock Returns". *E-Journal of Management of Udayana University*, *5*(11): 30.

Nurmasari, I. 2017. "*analysis of current ratio, return on equity, debt to equity ratio and revenue growth affects the return of shares in mining companies on the Indonesian stock exchange 2010-2014*". *5*(1): 112–131.

Nyoman, N., Jayanti, S., Devi, P., Gede, L., & Artini, S. 2019. "*The Effect Of Roe, Der, Per, And Exchange Rate On Stock Returns*". *8*(7): 4183–4212.

Oktofia, L., Ibrohim, I., Kartika, R., rachmawati ria, et al. 2016. "The Effect of DER, ROA, and DPR on Stock Returns in the Utilities, Infrastructure, and Transportation Sectors". *E-Journal of Management of Udayana University*, *4*(3): 1296–1305. https://doi.org/10.18907/jjsre.37.3_343_4

Pratiwi, N. P. T. W., & Putra, I. W. 2015. "Effect of Financial Ratio, Company Size, Cash Flow of Operating Activities on Stock Returns". *E-Journal of Accounting Udayana University*, *11*(2): 531–546.

Son, F. E. P. E., & Kindangen, P. 2016. "Effect of Return on Assets (Roa), Net Profit Margin (Npm), And Earning Per Share (Eps) On Stock Returns Of Food And Beverage Companies Listed On The Indonesia Stock Exchange (Period 2010-2014)". *Journal of Economic Research, Management, Business And Accounting*, *4*(3): 235–245.

Rachmawati Ria. 2016. "Effect of Operating Cash Flow and Accounting Profit on Ria Rachmawati's Stock Return". *ASSETS Journal of Accounting And Investment*, *1*(2): 28–36.

Setiyono, E. 2016. "*The Effect Of Wishful Thinking Performanceand Company Size On Stock Returns*". *5*.

Setiyono, E., & Amanah, L. 2016. "The Effect Of Financial Performance And Company Size On The Return Of Shares Of Lailatul Amanah, Indonesian College of Economics (STIESIA) Surabaya". *Journal of Science and Research Akuntansi*, *5*(5): 2–17.

Sudjarni, N. &. 2017. "Effect Of Liquidity, Profitability And Market Value On Stock Returns Of F &B Companies In Bei". *E-Journal of Management, 6*(8): 4481–4509.

Sugiarto, A. 2011. "*Analysis Of The Effect Of Beta, Company Size, Der And Pbv Ratio On The Return Of Agung Sugiarto's Shares*". *3*(1): 8–14.

Ulupui, I. G. K. A. 2010. *Analysis of the influence of liquidity ratios,*. 1–20.

Worotikan, E. R. C., Koleangan, R. A. M., & Sepang, J. L. 2021. "*The Effect Of Current Ratio (Cr), Debt To Equity Ratio (Der), Return On Assets (Roa) And Return On Equity (Roe) On Stock Returns In Food And Beverages Companies Listed On The Indonesia Stock Exchange In 2014-2018 The Effect Of Current R*". *9*(3): 1296–1305.

ASSESSMENT OF RESTAURANTS' SUSTAINABILITY STRATEGIES AMIDST COVID-19 PANDEMIC

Reyes, Alma Pia G.

College of Management and Business Technology, Nueva Ecija University of Science and Technology, Philippines

De Leon, Dean Alec C.

College of Management and Business Technology, Nueva Ecija University of Science and Technology, Philippines

Email Correspondence: almapiagarcia@gmail.com

ABSTRACT

The COVID-19 pandemic is responsible for a sharp drop in business activities particularly in the hospitality and tourism industries. The onset of fear from being ill with Sars-Cov-2 and heightened by government restrictions, businesses were forced to seize operations or reduce capacity which created a big impact in their performance and stability. The objective of this research was to identify the sustainability techniques used by restaurants in Cabanatuan City, Philippines, under this pervasive situation. It addressed specific aspects of sustainable development, focusing on the economic, environmental, and social components. It employed a descriptive research approach with ten randomly selected restaurants, survey questionnaires, and observation to collect data. Findings revealed that restaurants adhered to certain areas of sustainability particularly in the area of Business Management, indicating the right approach in terms of appropriate tools in business activities that foster effective administration, compliance, and cash flow management to achieve its sustainability target, whereas some elements in the areas of Corporate Social Responsibility require improvement. Other notable observations ascribed to shift in the new normal include reliance on digital and social media to transact with clients. Furthermore, a lack of implementation of waste management and water conservation techniques, as well as challenges to food supply chain management sustainability, are imminent, and adoption of renewable energy may be deemed important. The overall score on the eight characteristics examined in this study pointed to the sustainability strategies to verbal interpretation of "often," which, in order to achieve more sustainable development goals, must be changed to "always."

KEYWORDS: Sustainability, Sustainable Development, Economic, Environmental, Social, Restaurants, COVID-19

Introduction

Restaurants today do not only concentrate on food and beverage service and gaining profits but maintaining sustainable operations which has been a struggle due to COVID-19. The pandemic had major impacts on the operations of food and beverage service industries. Restaurants nowadays, evolved and continue to adjust to the demands of the "new normal". Modifying operations; from kitchen to dining areas, evolving sanitation guidelines, improving or enabling delivery services are some changes these businesses are facing. Apart from the challenge of sustaining economical, social and environmental growth.

In 1987, the Brundland Commission defined sustainable development as development that meets the demands of the present without jeopardizing future generations' ability to satisfy their own needs. Jones and Allen, on the other hand, believe that sustainable development is the path to long-term success. The latter must be pursued further and can only be accomplished when the three pillars of environmental, economic, and social factors are balanced (Purvis, et al., 2019). Understanding sustainability necessitates an understanding of sustainable development. These terms may require a deeper understanding and must be addressed in order to fully achieve the industry's purpose. Sustainability, as defined by Mayers in 1987, is a process in which the natural resource base is not allowed to disintegrate. The second alternative description was supplied by environmentalist Paul Hawken, who has written about the knowledge that use of the earth's resources by mankind makes them degrade faster than they can be restored and regenerated.

The triple bottom line approach to sustainable development was broken down into three parts in this study: economic sustainable development was measured using two standards; marketing and business management. Food and Beverage Management, Water Efficiency, Energy Conservation, and Waste Management were among the environmental criteria, while communication and corporate social responsibility were among the social standards. Cabanatuan, as a dynamic and first-class city, offers numerous business prospects, including those in the food and beverage industry. New restaurants and food outlets are constantly springing up. Despite the inception of the epidemic, the city maintains an excellent market for food outlets, with a population of more than 300,000 (2015 census). There are more than 82 food outlets registered in the city as of 2017 (Business Permit and License Division, Cabanatuan City), despite the expansion of ambulant food vendors and the demand for food delivery services. Because the Philippine population is predicted to expand faster than the current year in the coming decades, reliance on more efficient and effective use of farm lands will be required to feed the growing population. Such an increase, as well as the ongoing battle against the pandemic, necessitate an evaluation of restaurant practices in terms of long-term development.

Theoretical/ Conceptual Framework

The research is based on Elkington's Triple Bottom Line (TBL) concept to sustainability, which he presented in 1994. This measure encompasses a framework to evaluate performance of businesses beyond the traditional measures of profits, return on investment and shareholder value. The framework of this study went beyond the traditional outline by presenting in a manner deemed appropriate to be able to specifically indicate the relationship of sustainable development strategies.

The sustainable development strategies in order to attain sustainability included Economic, Environmental and Social. The relationships of these three pillars are needed to be balanced in order to achieve true sustainability. These are then subdivided into sub-variables, which comprise the restaurant's economic, marketing, and business management aspects. This paper examines the concept of sustainable development in relation to the restaurants' internal and external strategies, as well as their ethical practices.

Food and Beverage Management, Water Efficiency, Energy Conservation, and Waste Management were all covered in the environmental category. This aspect delves into the benefits and drawbacks of sustainable development as used by restaurants. Water, Energy and Waste Management are main concerns of the environment not just in the food and beverage sector but throughout the whole society as well.

Social factors indicated Communication and Corporate Social Responsibility. It illustrates the challenges and responsibilities of restaurant operators and business owners in general. Observations were made as part of the research procedure conducted by the researchers and survey questionnaires accomplished by owners and employees of the selected restaurants. Data Analysis and Statistical Treatment were also applied to interpret the data gathered. Microsoft Excel Data Analysis Tools were adapted pragmatically in this paper. The output of this research study included suggested sustainable development regulations and standards for restaurants throughout Cabanatuan City. It also included a proposal to establish a restaurant association in the city.

Method

The descriptive research design was used in the study. According to Cristobal and Cristobal (2013), this research method accurately portrays a population that was chosen based on certain characteristics. It is also used to assess the scope or direction of attitudes and behavior. The goal of this method is to provide a picture of the situation as it occurs naturally. It can be used to develop theories, justify practices, aid in professional judgment, or identify flaws in them. The respondents were limited to ten restaurants using purposive sampling based on their asset size, which should be more than Php 1 million in capitalization, have been in operation for at least five years, and have ten or more employees. It also used observation to

validate data when gathering it. A Likert scale was used to determine the extent to which restaurant respondents used the strategies. The interpretation of the Likert scale is based on the degree of frequency where the options are Always, Often, Seldom, and Never, as shown in Table 1.

Table 1. Point Value, Range and Verbal Interpretation

Point	Range	Verbal Interpretation
4	3.26 - 4.00	Always (administered every time)
3	2.51-3.25	Often (administered majority of the time)
2	1.76 -2.50	Seldom (administered rarely)
1	1.00 -1.75	Never (not ever administered)

Result

Tables 2–9 provide a summary of the level of practice or application of restaurant sustainable development strategies..

Table 2. Sustainability Strategies – Economic (Marketing)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	Utilizes social media sharing incentives (Facebook, Instagram, Twitter)	3.40	Always
2	Print is used as a marketing medium.	2.10	Seldom
3	Implements loyalty program	3.10	Often
4	The prices are competitive to those found in other restaurants.	3.20	Often
5	Takes orders through digital media.	3.60	Always
6	Has own food and beverage delivery service	3.00	Often
7	Has third party partners for food and beverage delivery (Food Panda, Manong Delivery, Toktok, etc.)	3.50	Always
	Overall Weighted Mean	3.13	Often

This shows that restaurants that use social media sharing incentives like Facebook, Instagram, and Twitter consistently had a mean score of 3.40, which can be interpreted verbally as always. Similarly, most establishments today use digital media to take orders, with a mean of 3.60. It was also notable that the restaurants in review often have their own food and beverage delivery service with weighted mean of 3.00 and always have third party partners for food and beverage delivery with a weighted mean score of 3.50.

Table 3. Sustainability Strategies – Economic (Business Management)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	Employees are hired in the region of operation.	3.30	Always
2	Employees are paid on time.	3.50	Always
3	Uses a Point of Sale system	3.30	Always
4	Acceptance of electronic payment (GCash, PayMaya, Credit Card, Debit Card, etc)	3.40	Always
5	Day-to-day financial operations of the company is accounted	3.70	Always
6	Provides a sufficient budget for long-term sustainability measures.	3.20	Always
7	Employees receive customer service training on a regular basis.	2.80	Often
	Overall Weighted Mean	3.31	Always

The data indicate that item number five has the highest weighted mean of 3.70, which can be interpreted verbally as always. The overall weighted mean is 3.31, which can be interpreted to mean always. This would imply that the Economic Sustainable Development Strategies in Business Management specify a degree of applicability and should thus be regarded as manageable and feasible.

Table 4. Sustainability Strategies – Environmental (Restaurant Management)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	The restaurant's food ingredients are sourced locally or regionally.	2.80	Often
2	The restaurant's beverages are sourced locally.	3.00	Often
3	Has a certified food and beverage supplier	3.70	Always
4	Produces all of its own raw materials	2.20	Seldom
5	The menu is often changed or modified	2.00	Seldom
	Overall Weighted Mean	2.74	Often

In terms of restaurant management, table 4 shows that the restaurants "always" have certified suppliers, with a mean of 3.70. However, item number 5, "Changes or modifies the menu on a regular basis," has a weighted mean of 2.00 with the verbal interpretation of rarely.

Table 5. Sustainability Strategies – Environmental (Water Efficiency)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	Water potability is tested on a regular basis.	3.20	Often
2	Has a self-service policy for drinking water or only gives to guest who ask for it.	2.00	Seldom
3	Water is served once the guests are seated.	1.90	Seldom
4	Waterless urinals and water-saving toilets are used in the restroom.	1.70	Seldom
5	Guidelines for conserving water are being implemented	3.20	Always
	Overall Weighted Mean	2.40	Seldom

The survey shows that despite the fact that guidelines for conserving water are being implemented (mean of 3.20 and interpreted as always), the restaurants lack measures to conserve water in their restrooms which have no waterless urinals or water efficient toilets with a mean of 2.12 and viewed as seldom.

Table 6. Sustainability Strategies – Environmental (Energy Conservation)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	Uses solar panels or similar energy sources.	1.20	Never
2	Light-emitting diode (LED) are used all lighting system	3.00	Often
3	Air conditioning units with inverter technology are used.	3.10	Often
4	Refrigerators with inverter technology are used.	2.50	Seldom
5	Al fresco or open dining area is present.	3.10	Often
6	Energy conservation standards are properly implemented.	3.80	Always
	Overall Weighted Mean	2.78	Often

The use of solar panels as an alternative energy source was reflected by a mean of 1.20 or "never." In the Philippines, the use of solar panels is in its early stages. Furthermore, the cost of installation can be prohibitively expensive. There is an unlikely initiative for most of these restaurants to adapt to.

Table 7. Sustainability Strategies – Environmental (Waste Management)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	Strictly follows in garbage segregation	3.10	Often
2	The use of plastic materials is discouraged, and instead, reusable or biodegradable food containers are used.	3.20	Often
3	Recyclable take-out bags are being used.	3.20	Often
4	Inventory is conducted to compare purchase and quantity of garbage	2.90	Often
5	3Rs (Reduce, Reuse and Recycle) are being utilized	3.10	Often
6	Guidelines of waste management are rigorously enforced	3.20	Often
	Overall Weighted Mean	3.12	Often

Number 6 or guidelines of waste management are rigorously enforced and analyzed, according to the above-mentioned item assertions. A mean score of 3.20, or "frequently," was discovered.

Table 8. Sustainability Strategies – Social (Communication)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	Water conservation, energy conservation, and trash minimization reminders are prominently displayed inside the restaurant for *employees* to observe.	3.80	Always
2	Water conservation, energy conservation, and trash minimization reminders are prominently displayed inside the restaurant for *customers* to notice.	2.40	Seldom
3	The restaurant's social media page features sustainability initiatives.	2.00	Seldom
4	Social distancing markers and signages for *customers* to see	3.60	Always
5	Social distancing markers and signages for *employees* to see	3.50	Always
6	Checking of body temperature, health declaration, and hand sanitation before entering the establishment	3.80	Always
7	The menu includes separate descriptions of the food and beverage items.	2.10	Seldom
	Overall Weighted Mean	3.03	Often

Numbers 1 and 6 received the highest mean score of 3.80 out of all the items in table 8, and were verbally interpreted as "always."

Table 9. Sustainability Strategies – Social (Corporate Social Responsibility)

No.	Item Statement	Weighted Mean	Verbal Interpretation
1	Activities such as gift giving and contribution drives are carried out as part of social and community development.	2.70	Often
2	Supports/participates in CSR activities and projects of government and non-government organizations.	2.30	Seldom
3	Contributes to charitable organizations	2.20	Seldom
4	Buys from local food providers to support them.	3.20	Often
5	Employees are provided with health benefits.	3.00	Often
6	Provides financial assistance to students for their education	1.90	Seldom
	Overall Weighted Mean	2.55	Often

Table 9 shows that item number 5, "employees are provided with health benefits," had the highest mean score of 3.00 and was interpreted the most frequently.

Discussion

In table 2 Economic (Marketing), the findings support the UN Under-Secretary-General and Director-General of the UN Department of Economic and Social Affairs' remark, "The post-COVID-19 era will bring forward a new normal- one that will accelerate digital transformation in many areas. These include digital economy, digital finance, digital government, digital health, and digital education" (Liu Zhenmin, 2021). Most transactions transpire either virtually or through the use of electronic devices which must be adopted towards long-term business sustainability.

In table 3, The data further suggests that restaurants account for effective administration, compliance and cash flow management to attain its sustainability targetsIt also builds a stronger link among the company's employees, making it a crucial component for the company's survival and long-term viability. In table 4, What Cabanatuan City restaurants lack is the ability to produce their own materials and ingredients. "Growing your own ingredients" has the potential to produce food in an environmentally friendly manner. According to Ben Kramer, an executive chef. It eliminates the uncertainty of availability or a break in supply as an independent producer (Manitoba, 2013). The issue of supply-chain management emerges as a concern here as well, particularly in the areas of value chain and, ultimately, the efficient and equitable use of resources. The UN's 2030 Agenda for Sustainable Development calls for changes in countries' patterns of production and consumption of goods in order to mitigate the effects of economic progress on the environment (Development Asia, 2020).

For table 5, An article published by the Manila Times in June 2016 claimed that water conservation should be practiced not only in the restaurant industry, but throughout the country. At this time of COVID-19 pandemic, clean, safe, potable water is vital. As a result of this problem, the country is likely to face greater challenges until improved management and conservation initiatives are launched. For Sustainability Strategies – Environmental (Energy Conservation). Open dining areas or take-aways are strictly observed during this time of COVID-19 pandemic as regulated by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases. This posed a challenge for restaurant operators to be able to provide outdoor dining spaces or shift to take-out and deliveries to continue their operations.

In environmental - waste management; guidelines on waste management are rigorously enforced. This is in accordance with the law pertaining to the Solid Waste Management Act of 2000, also known as Republic Act (RA) 9003. The law declares the state's policy of implementing a systematic, comprehensive, and ecological solid waste management program that protects public health and the environment. Based on IATF regulations to operate on take-aways only, recyclable food containers and take-away bags are in demand, however, this is not the case with every establishment as it entails additional costs as compared with disposable packages. The result of the research contradicts with a study conducted by Quieroz de Oliveria on Food Packaging wastes amid COVID-19 pandemic which stated that the crisis intensified disposal of food packaging with fears of contamination with SARS-CoV-2 (2021).

In Social - Communication; The fact that reminders to conserve water and energy, as well as to reduce trash, are prominently displayed for all to see, is a solid indicator of restaurant sustainability in communication. SImilarly, the IATF and the Centers for Disease Control and Prevention (CDC) laws enforce social separation, body temperature checks, and health declarations, all of which are visible in the restaurants studied. Restaurants must already comply with a slew of health and safety regulations in order to stay in business.

The findings in table 9 (Social - Corporate Social Responsibility) coincide with a Nestle Philippines study indicating the company's dedication to employee safety and wellbeing by providing a package of perks, working conditions, and safeguards (Marzouki, 2020). Restaurants appeared to be having difficulty supporting students' education during COVID-19.

Conclusion

Based on the findings of the study, the following conclusions were drawn and ranked accordingly based on their weighted mean:

Rank 1. In terms of economics - business management, This component of sustainable development strategies has a linguistic connotation of "always," implying that restaurants use suitable instruments in business activities to promote good administration, compliance, and cash flow management in order to meet their sustainability goals.

Rank 2. In terms of Economic – Marketing. This component of sustainable development methods has been given a verbal interpretation of "often," as having a digital presence is critical during the COVID-19 epidemic.

Rank 3. In the aspect of Environmental - Waste Management, this sustainable development strategy attained an "often" verbal connotation as areas needing improvement encompass policies and stricter guidelines on proper waste disposal.

Rank 4. In the aspect of Social - Communication, the sustainable development strategy got a verbal interpretation of "Often". The health and safety requirements that restaurants are required to implement in their operations are conveyed. Communication has a salient role in fostering sustainability and the restaurants can be more adept particularly during this time of pandemic that information dissemination is key to battle COVID-19.

 Rank 5. In the aspect of Environmental - Energy Conservation, this sustainable development strategy attained a verbal interpretation of "often". Energy saving guidelines are implemented and open dining areas are facilitated in observance of strict measures to avoid spread of Sars-Cov-2. On the other hand, businesses are hesitant to use a more cordial renewable energy.

Rank 6. In the aspect of Environment - Food and Beverage Management, this sustainable development strategy got a verbal interpretation of "often". However, the restaurants' ability to produce their own ingredients are imminent . Homegrown goods and responsible consumption are key elements to sustainable operations.

Rank 7. In the aspect of Social - Corporate Social Responsibility, this aspect of sustainable development strategy got a verbal interpretation of "often". Restaurants support local food suppliers, are engaged in gift giving and donation drives especially during this time of pandemic.

CSR activities bolstering government and non-government organizations improve social presence and help the community they belong to.

Rank 8. In the aspect of Environmental - Water Efficiency, this sustainable development strategy, got a verbal interpretation of "often". Some areas still need to be enhanced as not all utilize water efficient toilets and water saving guidelines are stringently facilitated.

The following suggestions are given in light of the results drawn from the study:

Restaurants should actively work to be more ecologically conscious; growing their own food components, as well as changing the menu to reflect seasonal crop variations, are both steps toward sustainability. Restaurants' corporate social responsibility must be strengthened, notably in support of government and non-governmental organizations' CSR initiatives, particularly during this time of pandemic.

Sustainable regulations and standards must be established to give direction to restaurateurs and future owners. In Cabanatuan city, an organized association of restaurateurs should instigate measures to promote sustainable operations during and post COVID-19 pandemic. Lastly, further research studies on sustainable development and sustainability may be broadened to include additional factors that contribute to long-term success and provide extensive understanding of the restaurant industry. It can also be extended to other businesses.

Reference

Aragon-Correa, J. et al. 2015. "Sustainability issues and hospitality and tourism firms' strategies: Analytical review and future directions". *International Journal of Contemporary Hospitality Management*, 27(3): 498-522.

Baldwin, C. et al. 2011. "Restaurant and food service life cycle assessment and development of a sustainability standard". *The International Journal of Life Cycle Assessment*, 16-49 (2011).

Burton, L. 2020. "How to Improve Sustainability in Restaurants, High Speed Training". Retrieved (https://www.highspeedtraining.co.uk/hub/improve-sustainability-in-restaurants/)

Campbell, L. 2013. "Green House Effect". Retrieved (https://www.fcsi.org/foodservice-consultant/worldwide/green-house-effect/)

Camus, M. 2018. "PH is world leader in social media usage". Philippine Daily Inquirer, Manila. Retrieved (http://business.inquirer.net/246015/ph-world-leader-social-media-usage)

Chan, N. et al. 2011. "Investigation of Social Media Marketing: How Does the Hotel Industry in Hong Kong Perform in Marketing on Social Media Websites? S.l". *Journal of Travel & Tourism Marketing*, 28.

Claridades, J. 2014. "Hotel Restaurant Institutional Food Service Sector GAIN Report". *USDA Foreign Agricultural Service*. Retrieved (https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Manila_Philippines_12-29-2014.pdf)

Davies, T. & Konisky, D. 2000. "Environmental Implications of the Foodservice and Food Retail Industries". Retrieved (https://media.rff.org/documents/RFF-DP-00-11.pdf).

Edralin, D. & Castillo, P. 2001. "An In-Depth Study on the Hotel and Restaurant Industry in the Philippines". De La Salle Unviersity, Manila. Retrieved (https://www.researchgate.net/publication/265150045_An_Indepth_Study_on_the_Hotel_and_Restaurant_Industry_In_the_Philippines_Submitted_by)

Ellliot, J.A. 2009 "Sustainable Development". *International Encyclopedia of Human Geography*, 117-131. Retrieved (https://www.sciencedirect.com/science/article/pii/B9780080449104001243)

Freeman, E. 2011. "Restaurant Industry Sustainability: Barriers and Solutions to Sustainable Practice Indicators". Arizona State University. Retrieved (https://repository.asu.edu/attachments/56588/content/Freeman_asu_0010N_10634.pdf)

Hollis, M. 2020. "7 Restaurant Sustainability Practices for 2020". Retrieved

(https://upserve.com/restaurant-insider/restaurant-sustainability-trends/)

Ju, S. & Chang H. 2016. "Consumer perceptions on sustainable practices implemented in foodservice organizations in Korea". *Nutr Res Pract*, 10(1): 108-114. doi: 10.4162/nrp.2016.10.1.108.

Mensah, J. 2019. "Sustainable development: Meaning, history, principles, pillars, and implications for human action". Retrieved (https://doi.org/10.1080/23311886.2019.1653531)

Mancheva-Ali, O. 2018 "Opportunities to Achieve a Sustainable Restaurant Business". *SSRN Electronic Journal*. 10.2139/ssrn.3283694.

Maynard, D. et al. 2020. "Environmental, Social and Economic Sustainability Indicators Applied to Food Services: A Systematic Review".

Muralikrishna, I. & Manickan, V. 2017." Sustainable Development, Environmental Management". Retrieved (https://www.sciencedirect.com/book/9780128119891/environmental-management)

Murphy, K. 2012. "The social pillar of sustainable development: A literature review and framework for policy analysis". *Sustainability: Science, Practice, and Polic*. 8(1):15-29.

Prigge, J. 2017. "Time to Fire Up Restaurant Sustainability – Here's How". Retrieved (https://www.environmentalleader.com/2017/12/time-fire-restaurant-sustainability-heres/)

Purvis, B. et al. 2019. "Three pillars of sustainability: in search of conceptual origins, Springer, Sustainability Science". Retrieved (https://www.researchgate.net/publication/327404334_Three_pillars_of_sustainability_in_search_of_conceptual_origins)

Pressman P. et al. (020). "COVID-19 and Food Safety: Risk Management and Future Considerations". Retrieved (https://journals.lww.com/nutritiontodayonline/Abstract/2020/05000/COVID_19_and_Food_Safety__Risk_Management_and.6.aspx)

Watanabe, T. et al. 2020. "How Much Did People Refrain From Service Consumption Due to the Outbreak of COVID-19?". Retrieved (https://repository.dl.itc.u-tokyo.ac.jp/record/54050/files/cb-wp021.pdf)

Queiroz de Oliveira et al. 2021. "Food Packaging Waste Amid the COVID-19 Pandemic: Trends and Challenges". Retrieved (https://www.sciencedirect.com/science/article/abs/pii/S0924224421003496)

Kim, J et al. 2021. "Uncertainty Risks and Strategic Reaction of Restaurant Firms Amid COVID-19 Pandemic: Evidence from China". Retrieved (https://www.sciencedirect.com/science/article/pii/S0278431920303042#bib0195)

Garcia, AP et al. 2021. "Sustainable Development Strategies of Restaurants in Cabanatuan City". Retrieved (https://www.researchgate.net/publication/350200507_Sustainable_Development_Strategies_of_Restaurants_in_Cabanatuan_City)

Queiroz de Oliveira et al.(2021. "Food Packaging Waste Amid the COVID-19 Pandemic: Trends and Challenges". Retrieved (https://www.sciencedirect.com/science/article/abs/pii/S0924224421003496

https://greenbusinessbureau.com/blog/sustainability-regulations-for-business-a-brief-review/)

FARMERS' ACCEPTABILITY ON USING COMBINE HARVESTER IN SAN MIGUEL, BULACAN, PHILIPPINES

REYNANTE P. BLAS
Agribusiness and Entrepreneurship, NEUST, Philippines

AR JENNIE C. LAURENTE
Agribusiness, BASC, Philippines

ANGELICA DC. VIVAR
Agribusiness, BASC, Philippines

JOANNA M. LOPEZ
Agribusiness, BASC, Philippines

Email Correspondence: reynantepblas@gmail.com

ABSTRACT

The study focused on the acceptability of farmers on using combine harvester in San Miguel, Bulacan, Philippines with emphasis on the efficiency of Combine Harvester; the advantages and disadvantages; and the problems encountered of using the machine. The respondent of the study consists of farmers, seasonal laborers and owners of combine harvester in San Miguel, Bulacan, Philippines. The group of farmers surveyed and interviewed were those who had a direct and indirect involvement in the operation of the combine harvester in San Miguel, Bulacan, Philippines. Farming was the main source of income of all of the respondents, except the owners of combine harvester who were having their other businesses means of livelihood and enterprises. Combine harvester was a newly introduced technology in San Miguel, Bulacan. Most of the owners own at least a unit of combine harvester in the area. Though it was newly introduced to the community, many farmers accepted it and patronized this product of modern technology because they proved that combine harvester was a more effective way of harvesting rice compared to manual labor. Consequently, it minimizes cost and expenses compared to labor/manual harvesting, endorsed by the government as an alternative way of harvesting rice, makes work easier, promised more income/return to the farmers, it saves time and therefore increases productivity, and were accepted by many farmers in the municipality of San Miguel, Bulacan, Philippines.

KEYWORDS: Combine Harvester, farmers, seasonal laborers, productivity, efficiency

Introduction

Rice is the most extensively grown crop in the country, planted about 30% of the total to agricultural area harvested. For ninety-seven million families, rice farming is the source of over half of the household income. In addition, millions of landless farm workers, and tens of thousands of merchants indirectly depend on rice for a living. (Dawe: 2003). In this study, the researchers want to know the problems encountered by landless farm workers if they were replaced by combine harvester on rice harvesting in the Philippines.

The combine harvester was invented in the United States by *Hiram Moore* in 1834, and early versions were pulled by horse or mule teams. In 1835, Moore built a full-scale version and by 1839, over 50 acres of crops were harvested. By 1860, combine harvesters with a cutting width of several meters were used on American farms. In 1882, the Australian *Hugh Victor McKay* had a similar idea and developed the first commercial combine harvester in 1885, the Sunshine Harvester. (Dawe: 2003) The Philippine Rice Research Institute (PhilRice) research team in cooperation with the Briggs and Stratton (B&S), a private company supplying farm engines in the Philippines, modified the original design of rice combine harvester from China to fit local farm conditions. China's design has reaping, crop conveying, and threshing components only. According to a report submitted to PCARRD, PhilRice and B&S improved the machine's efficiency by incorporating cleaning, bagging, and recycling components. Technical evaluation on its performance, which was conducted by the Agricultural Machinery Testing and Evaluation Center of the University of the Philippines Los Banos (AMTEC-UPLB), indicates that the machine performed well with 0.194 hectare per hour field capacity, 86.6 percent field efficiency, 90.3 percent purity of threshed grains, total grain loss of only 1.68 percent, and fuel consumption of 3.68 liters per hour. AMTEC-UPLB test results are comparable with the data gathered from the endurance tests conducted in Nueva Ecija, Bataan, Tarlac, Pangasinan, and Cagayan, involving farmer-cooperators. (AMTEC-UPLB: 2011)

Economic analysis on the use of machine for custom hiring to service farms of organized farmer groups shows that at harvesting cost of P5,442 per hectare, the capital investment of P350,000 can be recovered in 1.7 years or from a harvesting area of 87.3 hectares to break-even. For individual farmer's use and ownership, economic viability is high at benefit-cost ratio of 1.36 with a break-even land area of 48 hectares and a payback period of less than one year. Additional income can be realized from the recovered harvesting losses of 5 percent, which is better compared with unrecovered manual harvesting losses of more than 6 percent. (http://www.pcaarrd.dost.gov.ph) The researchers want to find out the benefits of using combine harvester among the selected farmers and stakeholders in San Miguel, Bulacan, hence, this study. This study determined the acceptability of combine harvester by a group of farmer respondents' in the Municipality of San Miguel, Bulacan.

Specifically, the researchers sought to answer the following questions:

1. What is the extent of acceptability of farmers on using Combine Harvester?
2. How efficient is the Combine Harvester compare to manual harvesting?
3. What are the advantages and disadvantages using combine harvester?
4. What are the problems encountered in using combine harvester?

Method

Research Design

This study assessed the acceptability of Combine Harvester machine in the Municipality of San Miguel, Bulacan. Descriptive method was use through survey questionnaire and personal interviews. The data gathered from the respondents were used as basis to determine the acceptability and viability of the Combine Harvester Machine.

Sampling Procedure and Selection of the Respondents

A complete enumeration of 10 owners of combine harvester machine; 25 farmers who availed the machine; and 25 seasonal laborers who were displaced and affected by the work of technology was used as sample population. The list of 10 owner of combine harvester was given by Municipal Agricultural Office (MAO) in San Miguel, Bulacan. The lists of 25 farmers were obtained from the owner of combine harvester who actually used or availed their machine. The list of 25 seasonal laborers was obtained in areas in San Miguel, Bulacan where the combine harvesters was used, hired and operated during the last first-crop harvesting season of 2021.

Research Instrument

The study utilized a survey questionnaire. A Likert type of instrument was developed and solely used in gathering the respondents' perception in this study. The bases for developing the instrument were the objectives and problems mentioned in this study. The instrument which was submitted to the adviser and critic for comments, and suggestions was validated to test the statistical conformity. The instrument was immediately floated to the respondents. The research instrument was prepared accordingly with clear instruction and direction. Data gathered was used to determine the acceptability of farmers on using combine harvester in San Miguel, Bulacan. Consequently, the primary data was used to compute Average Percentage Distribution of Acceptability of Using Combine Harvester.

Data Processing and Statistical Treatment

Data gathered were classified and tabulated accordingly. Descriptive procedure was used for analysis and interpretation.

1. Simple mean and percentage ranking was used to quantify the response of each respondents. For verbal interpretation of the responses of respondents', the following verbal description was used in this study:

Weighted Mean	Verbal Description
4.21 – 5.00	Very much accepted (VMA)
3.41 – 4.20	Accepted (A)
2.61 – 3.40	Moderately accepted (MA)
1.81 – 2.60	Slightly accepted (SA)
1.00 – 1.80	Not accepted (NA)

2. F-test was used to determine the differences on three groups of farmers' respondents in San Miguel, Bulacan;

3. Simple frequency and ranking was used to analyze the acceptability of farmers' respondents in San Miguel, Bulacan. ;

4. Percentage distribution- was used to determine the presence of each different number to express as percent.

Result

This chapter of the study presented the analysis and interpretation of gathered data from the response of the respondents of the municipality of San Miguel, Bulacan.

Table 1. Farmers Acceptability of Using Combine Harvester

Respondents	Average	Rank	Equivalent Rating
Farmer	4.5	1	VMA
C.H. Owner	4.48	2	VMA
Seasonal Laborer	4.0	3	A

The farmers acceptability of using Combine Harvester revealed that farmers got the highest rank with a mean of 4.5 which means very much accepted (VMA). It reflects that farmers indeed accepted the technology of using combine harvester. It was followed by the combine harvester owner with a mean of 4.48 which means very much accepted (VMA) and last was the response of seasonal laborer with a mean of 4.0 which also means accepted (A).

Table 3. shows the level of acceptability on using combine harvester. It was highlighted by ten benchmark statement.

In benchmark statement no.1 farmer-respondents' obtained a mean of 4.88 which suggests that they very much accepted (VMA) and using combine harvester is more effective way of harvesting rice compared to labor. On the other hand, seasonal laborer respondents obtained a mean of 3.96 which means accepted (A). And also, C.H. owner respondents obtained a mean of 5.00 which means very much accepted (VMA).

Table 2 Level of Acceptability of Farmers on Using Combine Harvester

Benchmark Statement on using combine harvester	Farmers		Seasonal laborer		C.H. Owner	
	Mean	VD	Mean	VD	Mean	VD

1. Combine harvester is more effective way of harvesting rice compare to laborer.	4.88	VMA	3.96	A	5.00	VMA
2. Combine harvester minimizes cost and expenses compared to labor/manual harvesting.	4.6	VMA	4.00	A	4.60	MA
3. Combine harvester was endorsed by the government as an alternative way of farming.	4.36	VMA	3.92	A	4.10	A
4. The work can easily done by using combine harvester.	4.72	VMA	4.28	VMA	4.80	VMA
5. The use of combine harvester promise more income/return to the farmers.	4.76	VMA	4.00	A	4.80	VMA
6. The combine harvester eliminates seasonal laborers/manual laborers.	4.76	VMA	4.64	VMA	4.80	VMA
7. The combine harvester saves time and therefore increases productivity.	4.76	VMA	4.44	VMA	4.80	VMA
8. The combine harvester damaged the field heavily.	3.40	MA	3.76	A	2.80	MA
9. The combine harvester is accepted by many farmers.	4.44	VMA	3.60	A	4.30	VMA
10. Will you recommend the use of combine harvester to other farmers?	4.28	VMA	3.24	MA	4.80	VMA
MEAN	**4.50**	**VMA**	**4.00**	**A**	**4.48**	**VMA**

In benchmark statement no.2 farmer-respondents' obtained a mean of 4.60 which suggests that they very much accepted (VMA) which means that Combine harvester minimizes cost and expenses compared to labor/manual harvesting. On the other hand laborer respondent obtained a mean of 4.00 which means accepted (A). Meanwhile, owner respondent obtained a mean of 4.60 which means very much accepted (VMA).

In benchmark statement no.3 farmer-respondents' obtained a mean of 4.36 which suggests that they very much accepted (VMA) the use of Combine harvester. It endorsed by the government as an alternative way of farming. On the other hand laborer respondent obtained a mean of 3.92 which means accepted (A). The owner respondent obtained a mean of 4.10 which means accepted (A).

In benchmark statement no.4 farmer-respondents' obtained a mean of 4.72 which suggests that they very much accepted (VMA). The work can easily done by using combine harvester. On the other hand laborer respondent obtained a mean of 4.28 which means very much

accepted (VMA). The owner respondent obtained a mean of 4.80 which means very much accepted (VMA).

In benchmark statement no.5 farmer-respondents' obtained a mean of 4.76 which suggests that they very much accepted (VMA). The use of combine harvester promise more income/return to the farmers. On the other hand laborer respondent obtained a mean of 4.00 which means accepted (A). Meanwhile, owner respondent obtained a mean of 4.80 which means very much accepted (VMA).

In benchmark statement no.6 farmer-respondents' obtained a mean of 4.76 which suggests that they very much accepted (VMA). The combine harvester eliminates seasonal laborers/manual laborers. On the other hand laborer respondent obtained a mean of 4.64 which means very much accepted (VMA). The owner respondent obtained a mean of 4.80 which means very much accepted (VMA).

In benchmark statement no.7 farmer-respondents' obtained a mean of 4.76 which suggests that they very much accepted (VMA). The combine harvester saves time and therefore increases productivity. On the other hand laborer respondent obtained a mean of 4.44 which means very much accepted (VMA). And also owner respondent obtained a mean of 4.80 which means very much accepted (VMA).

In benchmark statement no.8 farmer-respondents' obtained a mean of 3.40 which suggests that they moderately accepted (MA). The combine harvester damaged the field heavily. On the other hand laborer respondent obtained a mean of 3.76 which means accepted (A). The owner respondent obtained a mean of 2.80 which means moderately accepted (MA).

In benchmark statement no.9 farmer-respondents' obtained a mean of 4.44 which suggests that they very much accepted (VMA). The combine harvester is accepted by many farmers. On the other hand laborer respondent obtained a mean of 3.60 which means accepted (A). Meanwhile, the owner respondent obtained a mean of 4.30 which means very much accepted (VMA).

In benchmark statement no.10 farmer-respondents' obtained a mean of 4.28 which suggests that they very much accepted (VMA). They recommended the use of combine harvester to other farmers. On the other hand laborer respondent obtained a mean of 3.24 which means moderately accepted (MA). The owner respondent obtained a mean of 4.80 which means very much accepted (VMA).

Table 3 The Average Numerical Ratings of the Three Groups of Respondents Using Combine Harvester

Questions No.	Farmers	X^2	Seasonal Laborer	X^2	C.H. Owner	X^2
1	4.88	23.81	3.96	15.68	5.00	25.00

2	4.60	21.16	4.00	16.00	4.60	21.16
3	4.36	19.01	3.92	15.37	4.10	16.81
4	4.72	22.28	4.28	18.32	4.80	23.04
5	4.76	22.66	4.00	16.00	4.80	23.04
6	4.76	22.66	4.64	21.53	4.80	23.04
7	4.80	23.04	4.44	19.71	4.80	23.04
8	3.24	10.50	3.76	14.14	2.80	7.84
9	4.44	19.71	3.60	12.96	4.30	18.49
10	4.40	19.36	3.24	10.50	4.80	23.04
Total	44.96	204.19	39.84	160.20	44.80	204.50
					Grand total	129.60

Table 4 Analysis of Variance as the Source of Variation

Source of variation	Sum of Square	Degree of Freedom	Mean Square	Computed F	Tabular F	
					0.05	0.01
Between groups(b)	1.69	2	0.85	3.12^{ns}	3.35	5.49
Within groups (w)	7.33	27	0.27			

Ns = not significant

Analysis of variance revealed that there was no significant difference between the three groups of respondents using combine harvester. The computed F value of 3.12 was less than the tabular F value of 3.35 (0.05 level of significant) and 5.49 (0.01) and therefore not significant.

Discussion

Efficiency of the Combine Harvester compared to manual harvesting

Manual harvesting usually utilized 10 laborers/persons per hectare per day, while combine harvester has a maximum capacity of 5ha a day and perform not only harvest or cut; it threshed at the same time. Unlike in manual harvesting they will spend half of a day to collect their harvested crops, at threshing using a thresher for at least another half day, then in every post-harvest operation there were always losses and also high labor cost and susceptible to grain damage.

The advantages and disadvantages of combine harvester
The following are the advantages of the combine harvester based on the level of acceptability of the farmers.
1. It minimizes expenses compared to manual harvesting.
2. It eliminates the drudgery of manual harvesting.
3. It gives more income on the part of the farmers.
4. It saves harvesting time and increases farm productivity.

The following are the disadvantages of the combine harvester based on the level of acceptability of the farmers.

1. It displaces human labor that may cause social problem.
2. It partly damages the field dikes

Problem encountered

These are the problems encountered in using combine harvester including:

1. Being injured by the drive mechanisms or trapped when automatic sensors operate.
2. Contacting the knife, reel or stripper rotor
3. Becoming entangled with the leveling or discharge augers in the grain tank.

Conclusion

The study showed that most of the respondents accepted the combine harvester. Farmers, respondent's obtained a mean of 4.5 which suggests that they very much accepted (VMA) the combine harvester as an alternative to manual reaping; that using combine harvester is a more effective way of harvesting rice compared to labor. On the other hand seasonal laborer respondents obtained a mean of 4.00 which means accepted (A). And also combine harvester owner respondents obtained a mean of 4.48 which means very much accepted (VMA). There is no significant difference in the response of the group of respondents on the acceptability of using combine harvester.

Reference

Bautista, Eulito U., Engr. Juliano, Arnold S., Engr. Sibayan, et al. 2011. Agricultural Machinery Testing and Evaluation Center of the University of the Philippines Los Banos (AMTEC-UPLB), Laguna.

Domingo, Ofelia S. May. 2011. Philippine Rice Research Institute (Phil Rice) Los Banos, Laguna.

Bautista, E.U., A. Schmidley. 2004. Nong Lam University Journal of Agricultural Sciences and Technology (NLU), 4.

Tran Van Khanh et.al. 2004. Nong- Lam University Research Team on Combine.

McKay, Hugh Victor. 1885. Developing a Commercial Combine Harvester, the Sunshine Harvester, United States of America.

Hien, Phan Hieu & Ban, Le Van. 2004. Center for Agricultural Energy and Machinery Nong Lam University, Thu Duc, Ho Chi Minh City, Vietnam Faculty of Engineering and Technology Nong Lam University, Thu Duc, Ho Chi Minh City, Vietnam.

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Princess R. De Guzman

Business Administration, Department of Education, Philippines

Anna Margarita T. de Leon

Hospitality and Tourism Management, Nueva Ecija University of Science and Technology, Philippines

Centrum U. Cantal

Hospitality and Tourism Management, Nueva Ecija University of Science and Technology, Philippines

Email Correspondence: amtdeleon@ineust.ph.education

ABSTRACT

This research study aimed to assess the effects of the Covid-19 pandemic in selected restaurants in Gapan City, Nueva Ecija, Philippines. Through this study, the researchers would be able to compare the impact of the pandemic in their restaurants before and during the pandemic. The researchers utilized the descriptive method of research through a survey questionnaire administered to three restaurateurs using purposive sampling. The findings from this study led the researcher to draw a number of conclusions pertaining to the effects of the pandemic. Based on the findings, the researchers recommend that emphasizing private dining rooms or private tables could be a quick solution for the decrease in restaurant customers because of the pandemic. Implementing various recovery strategies for the negative effect of the pandemic on the sale of restaurants service can be helpful such as using delivery services and utilizing online platforms.

KEYWORDS: Covid-19, financing, global shock, lockdown, marketing, operations, pandemic, supply chain

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Introduction

Covid-19 has been shown to have an impact on the entire food supply chain, from the field to the consumer, which is one of the most vital areas of the economy. Food production, processing, delivery, and demand are all sources of concern in light of recent issues in the food sector. Workers' mobility limitations, changes in consumer demand, the closure of food production facilities, restricted food trade laws, and financial pressures in the food supply chain all resulted from Covid-19. The broadening and severity of the impact currently being felt by restaurants as a result of the Covid-19 pandemic and, more specifically, the rapidly expanding social distancing requirements and travel restrictions, as well as the growing number of governmental stay home orders, has been unprecedented.

Many restaurants have closed; some permanently, while others are waiting for the end of the road to arrive. Restaurants, on the other hand, are fighting back hard. To survive the current pervasive, it is vital to keep all workers healthy and safe in the food producing plant and supply chain. Considering that restaurant customers are anxious about and concerned with safety issues throughout the process of food consumption, they may call for various types of contactless restaurant services that are necessary to prevent the spread of infections. Linking to this, Gapan City – a 4th class city in the province of Nueva Ecija, Philippines – the city's economic growth is inevitable after the recent conversion into a component city, making the major business activities abundant with the emergence of new investors, including restaurant owners. With this in mind, the researcher decided to conduct a study regarding the viewpoint of restaurants in Gapan City before and during the coronavirus outbreak. This research study aims to assess the effects of the Covid-19 pandemic in selected restaurants in Gapan City, Nueva Ecija, Philippines.

Specifically, it aims to answer the following:
1. How may the profile of the respondents be described in terms of:
    a. positions;
    b. age; and
    c. length of service?
2. How did the COVID-19 pandemic affect the restaurants in Gapan City in terms of:
    a. operations;
    b. employees;
    c. facilities;
    d. supply chain;
    e. marketing; and
    f. financing?
3. What will these restaurants have to do in the future to maintain the business?

Method

The researcher used purposive sampling to focus on particular characteristics of a population that are of interest. Choosing purposive sampling for this study is fundamental to the quality of data gathered. Hence, the reliability and competence of the participant must be ensured (Tongco, 2007). The respondents of this study are three restaurateurs in Gapan City.

The researchers utilized the descriptive method of research through an online survey questionnaire. It should be noted the respondents were willing to participate in the research. The collected data was analyzed and conducted. The results of the survey were then processed by computing the frequency, percentages, averages and weighted mean.

Result

Table 1 Positions

Position	Frequency	Percentage
Restaurant Owner	1	33.3%
Manager	1	33.3%
Secretary	1	33.3%
Total	**3**	**100%**

Table 1 presents the three respondents of the study. The respondents were a restaurant owner, a manager, and a secretary. All plays a vital role in the operations and management of the establishment.

Table 2 Age

Age	Frequency	Percentage
26 – 30 years old	0	0
31- 35 years old	1	33.3%
36 – 40 years old	1	33.3%
41 – 45 years old	0	33.3%
46 and above	1	0
Total	**3**	**100%**

Table 2 presents the age range of the respondents which are between 31-45 years old.

Table 3 Length of Service

Length of Service	Frequency	Percentage
1 year below	0	0
1 - 3 years	0	0
4 – 6 years	1	33.3%
7 - 10 years	1	33.3%
Total	**3**	**100%**

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Table 3 indicates the length of service of the respondents in their working place. 33.3% of the respondents have 4-6 years working experience, the other respondent has 7-10 years working experience, and the last respondent already had 10 years above length of service.

Impacts of Covid-19 pandemic in terms of operations

Table 4 Years of existence

Years of existence	Frequency	Percentage
1-5 years	0	0
6-10 years	1	33.3%
11-15 years	1	33.3%
16 years and above	1	33.3%
Total	**3**	**100%**

Table 4 presents the establishments' years of existence in operation. In the table above, it shows that the respondents are operating between 6 to 16 years above showing the importance of survival strategy for the restaurant sector (Mendes et al., 2020).

Table 5 Numbers of months closed because of nationwide lockdown

Numbers of months closed	Frequency	Percentage
1-2 months	1	33%
3-4 months	0	0
4 months and above	2	67%
Total	**3**	**100%**

Table 5 shows that one of the restaurants closed for 1-2 months, and the 67% or 2 of the restaurants closed for 4 months and above because of the nationwide lockdown. In one of the articles by Restaurant Business Staff (2020), it was stated that since its discovery in early January, coronavirus has had an impact on every facet of daily life, including restaurants.

Table 6 Re-opening month

Re-opening month	Frequency	Percentage
April 2020	0	0
May 2020	1	33.3%
June 2020	1	33.3%
July 2020	1	33.3%
Total	**3**	**100%**

Table 6 illustrates the re-opening month of the restaurants where in 33.3% opened on May 2020, another 33.3% opened last June, and 33.3% opened in July in the midst of the pandemic. Those restaurants that can meet government safety protocols were allowed to reopen at 30% of their seating capacity, with strict hygiene and social distancing measures a must. (Martin, 2020)

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Table 7 Kinds of services offered

Kinds of Services Offered	Frequency Yes	No	Percentage
Dine-in	2	1	29%
For Pick up/Take-out	3	0	43%
Delivery	1	2	14%
Food Delivery App	1	2	14%

Table 7 presents the kinds of services offered by the restaurant. It shows that pick-up/take-out with the percentage of 43% is the service that is usually done by the employees. It is the main service offered by the three restaurants. While dine-in got 29%, delivery service got 14%, same as the food delivery app. In the study of Auman-Bauer (2020), it states that as social distance guidelines took effect in cities and states, dining in restaurants almost came to a halt.

Table 8 Average customers per day before the pandemic

Average Customer	Frequency	Percentage
less than 25 customers	1	33%
26-50 customers	0	0
51-75 customers	0	00
76 customers and above	2	67%
Total	3	100%

Table 8 presents the average customer per day before the pandemic started. There are less than 25 customers from one respondent in their restaurant. On the other hand, 67% of the respondents indicated that they had 76 customers and above before the pandemic.

Table 9 Average customers per day amidst the pandemic

Average Customer	Frequency	Percentage
less than 25 customers	2	67%
26-50 customers	0	0
51-75 customers	1	33%
76 customers and above	0	0
Total	3	100%

Table 9 states the average customer per day amidst the pandemic. 67% of the respondents indicated that they receive less than 25 customers in their restaurant. On the other hand, 33% of the respondents stated that they receive 51-75 customers per day after the pandemic.

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Table 10 Impacts of Covid-19 pandemic in terms of employees Employees

STATEMENT	WEIGHTED MEAN	VERBAL INTERPRETATION
The pandemic caused the establishment to:		
1. Lay-off / terminate staff/crew due to reduced need for staffing.	3	Moderate
2. Place employees on an unpaid furlough (absence without pay) due to lack of financial resources.	4	Major
3. Hire specialist employees to help get the establishment through (such as business continuity analyst, IT Specialist etc.)	2.33	Minor
4. Hire employees with newer job description such as Food App Account Manager/Executive, etc.	1.67	Insignificant
5. Hire more needed crew such as delivery personnel	1.67	Insignificant
6. Have all employees to undergo various series of webinars related to new policies, health, safety and pandemic awareness and prevention	3	Moderate
7. Have some employees to work in an alternative working mode (such a work from home, etc)	2.33	Minor
8. Reduce the salaries and wages of the personnel (but not below the minimum wage).	4	Major
Average Weighted mean	**2.75**	**Moderate**

Table 10 shows that the respondents are in major crisis regarding on placing the employees on an unpaid furlough (absence without pay) due to lack of financial resources and in reducing the salaries and wages of the personnel (but not below the minimum wage) is one of the major concerns of employees in this time of pandemic. Most of the respondents are dealing with these two more often over the other instances. Overall, the respondent thinks that the issues in human resources are moderate with an average weighted mean of 2.75.

Table 11 Impacts of Covid-19 pandemic in terms of facilities Facilities

STATEMENT	WEIGHTED MEAN	VERBAL INTERPRETATION
The pandemic caused the establishment to:		
1. Reduce space of the establishment	3.67	Major
2. Rent the other unneeded space to others.	1	Insignificant
3. Invest on more equipment, supplies and materials as required by the IATF (such as protective barriers, PPE's for all the employees, alcohol, sanitizers etc.)	2	Minor
4. Had to re-arrange the premise to accommodate customers to assure health and safety	3.67	Major
5. Build additional space such as isolation room, clinic and others as per requirement of the IATF.	2.33	Minor
6. Have to purchase vehicles for delivery services.	2.33	Minor
7. Have to relocate due to less customer traffic	1.33	Insignificant
8. Have to dispose unusable or unnecessary tools and equipment.	1	Insignificant
Average Weighted mean	**2.16**	**Minor**

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Table 11 presents the facilities of the restaurants and what they had to do because of the pandemic. The respondents agreed with a verbal interpretation of major and a weighted mean of 3.67 in reducing the space of the establishment, and re-arranging the premise to accommodate customers to assure their health and safety. The respondents are prioritizing these two responses to better manage the facilities during this pandemic. The average weighted mean in terms of the restaurant's facilities concern is 2.16 with a verbal interpretation of minor.

Table 12 Impacts of COVID-19 Pandemic in terms of Supply Chain Supply Chain

STATEMENT	WEIGHTED MEAN	VERBAL INTERPRETATION
The pandemic caused the establishment to:		
1. Wait additional time/days for the supplies/ingredients to be delivered in the establishment.	3.33	Moderate
2. Had to purchase ingredients elsewhere due to unavailability or closure of the regular vendors/supplier	3	Moderate
3. Had to pay additional charges to the suppliers/vendors due to the pandemic.	3.67	Major
4. 1. Wait additional time/days for the supplies/ingredients to be delivered in the establishment.	3	Moderate
5. Build additional space such as isolation room, clinic and others as per requirement of the IATF.	2	Minor
6. Had to pick up the orders instead of being delivered to the establishment.	2.67	Moderate
7. Had to re-sell some of the ingredients/supplies to other establishments / customers to avoid spoilage and damage (such as marinated chicken, straws, cups, pasta etc.)	1.67	Insignificant
Average Weighted mean	**2.76**	**Moderate**

Table 14 shows that the respondents are dealing with paying additional charges to the suppliers/vendors due to the pandemic indicated as a major concern with a weighted mean of 3.67. Overall, the cause of the pandemic in terms of supply chain management is moderate with an average weighted mean of 2.76.

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Table 13 Impacts of COVID-19 Pandemic in terms of Marketing

STATEMENT	WEIGHTED MEAN	VERBAL INTERPRETATION
The pandemic caused the establishment to:		
1. Offer promotional tactics that have been not used before the pandemic.	2.33	Minor
2. Had to advertise more in printed media.	3.67	Major
3. Had to utilize online platforms to advertise such as social media (Facebook, twitter, Instagram etc.)	3	Moderate
4. Had to provide more incentives to prospective customers to lure into the establishment	2	Minor
5. Had to re-brand the establishment due to the change in perception of the customers	1.67	Insignificant
6. Had to re-calibrate the services to better accommodate the customers due to changes brought upon by the pandemic.	3.33	Major
7. Had to focus on newer marketing tactics in retaining patrons and luring newer customers.	3.67	Major
Average Weighted mean	**2.81**	**Moderate**

In table 13 the respondents answered with a weighted mean of 3.67 that they are advertising more in printed media, and focusing on newer marketing tactics in retaining patrons and luring newer customers. The respondents are also re-calibrating the services to better accommodate the customers due to changes brought upon by the pandemic with a weighted mean of 3.33 with a verbal interpretation of major.

Table 14 Impacts of COVID-19 Pandemic in terms of Financial/Costs/Expenses

Restaurant	Monthly income before the Pandemic	Monthly income amidst the Pandemic
Restaurant A	P 200, 000	P 40, 000
Restaurant B	P 30, 000	P 5, 000 to P 10, 000
Restaurant C	P 1, 000, 000	P 100, 000 to P 150, 000

Table 14 shows the sales of the restaurants before and amidst the pandemic, the average monthly sales per restaurant indicates decreased in sales amid the COVID-19 pandemic. According to the National Restaurant Association (2020) in their restaurant industry financial statistics, the restaurant industries lose up to $240 billion last 2020.

SELECTED RESTAURANTS IN GAPAN CITY, NUEVA ECIJA, PHILIPPINES AND COVID-19: AN ASSESSMENT

Table 15 Financing

STATEMENT	WEIGHTED MEAN	VERBAL INTERPRETATION
The pandemic caused the establishment to:		
1. Had to re-price the products due to increase in costs (ingredients, utilities, etc.)	3.33	Moderate
2. Had to look for available funding (such as loans) to increase the working capital to be able to remain operational.	2.67	Moderate
3. Experience losses due to continuous expenses such as rent, electricity, inventory, salaries (most especially during the lockdown).	3.33	Moderate
4. Had to look for funding to pay for mandatory payments (such as real property taxes, local taxes, VAT, Income Tax etc.)	2.33	Minor
5. Had to lay off employees to cut off costs/losses.	4	Major
6. Had to lessen orders / purchases to lessen costs/ expenses	3.33	Moderate
7. Had to purchase supplies / inventory from suppliers with lesser costs to cut off costs / expenses.	2.33	Minor
8. Had to sell store / establishment equipment and tools to gather more resources.	1.67	Insignificant
Average Weighted mean	**2.87**	**Moderate**

Table 2.6.1 shows that the respondents had to lay off employees to cut off costs/losses with an average mean of 4 and a verbal interpretation of major. Overall, these restaurants have moderate concerns regarding financing/costs/expenses to remain operational amidst the pandemic, with an average weighted mean of 2.87 and a verbal interpretation of moderate.

Table 16 Actions to take to maintain the business in the future

STATEMENT	WEIGHTED MEAN	VERBAL INTERPRETATION
The pandemic caused the establishment to:		
1. Temporary close for several months.	4	Major
2. Forced to re-calibrate its policies following the safety protocols promulgated by the government.	4	Major
3. Have frequent meetings to try to continue the operations despite the pandemic.	3.67	Major
4. Had to offer additional services provided to patrons to avoid losing the customers.	4	Major
5. Had to re-calibrate the menu to accommodate the demand of the customers (such as improving the product, removing the less popular products, etc.)	3.33	Moderate
7. Had to develop business continuity plan which will be the guide for short, medium and long term run of the establishment.	2.33	**Minor**
7. Had to partner with mobile food apps (such as food panda, manong express) for the wider reach of the customers.	2.67	Moderate
Average Weighted mean	**3.43**	**Major**

Table 16 illustrates the future actions of the respondents to keep the restaurants operational even during the pandemic. The restaurants will take these following actions in the future with a verbal interpretation of major: temporary close for several months, forced to re-calibrate its policies following the safety protocols promulgated by the government, have frequent meetings to try to continue the operations despite the pandemic, and had to offer additional services provided to patrons to avoid losing the customers. Overall, the future actions of the

restaurants to help maintain the business running has average weighted mean of 3.43 and is a major concern towards the respondents.

Discussion

Restaurateurs had a hard time adjusting because of the pandemic and the effects it brought upon in the industry. According to one article of Job Hero (2021) restaurant owners are in charge of the day-to-day operations as well as the overall direction, profitability, and reputation of their establishment. On the other hand, restaurant managers are in charge of leading and managing their establishments, while the secretary of the restaurant is responsible for the daily workload and activities of the restaurant communicating with and providing service to the customers. The respondents age varies between 31-45 years old. In the study of Gulden (2011) it states that in many Western countries, the mean age of workers increases as a result of demographic and social trends. A large proportion of the youngest age group (15-30 years old) in the labor force is still in education. Therefore, the number of available workers will be between 31 to 45 years old. Consequently, a larger number of employees will be of 55 up to 65 years old. In terms of their length of service, it ranged between 4-10 years and above. According to the study of Doyle (2020) workers had an average of 2.9 jobs when they were 35 to 44 years old and during the most established phase of many workers' careers, ages 45 and above, they held only an average of 1.9 jobs. As a result, the older the workers are, the more committed they are to their chosen profession.The establishments' years of existence in operation plays an essential role in the economy of a country even though many small and medium-sized restaurants fail during their first four years of activity, which is an example of the need for strategies to financially sustain their business beyond five years. The respondents are operating between 6 to 16 years above showing the importance of survival strategy for the restaurant sector (Mendes et al., 2020). In one of the articles by Restaurant Business Staff (2020), it was stated that since its discovery in early January, coronavirus has had an impact on every facet of daily life, including restaurants. The hospitality industry responded with operational changes, event cancellations, and even store closures in some hard-hit areas in order to keep guests and employees safe while also stabilizing their businesses. But as the situation has grown direr, state and local governments have begun ordering widespread restaurant shutdowns. The Philippines is reopening for business after one of the world's tightest coronavirus lockdowns, which lasted nearly three months. Restaurants were allowed to return for dine-in customers in May 2020 and the following months in an effort to keep people employed. Those restaurants that can meet government safety protocols were allowed to reopen at 30% of their seating capacity, with strict hygiene and social distancing measures a must (Martin, 2020). In the study of Auman-Bauer (2020), it states that as social distance guidelines took effect in cities and states, dining in restaurants almost came to a halt. As a result, restaurants must operate in a highly competitive business environment and provide a variety of services to keep their operations

running smoothly. The respondents of the study showed a difference in terms of the average of customers that they receive before and amidst the pandemic. Restaurants' major objective is to have and to keep customers because it is the customers who will determine the development and potentials of a restaurant. Restaurants are essential to every Filipinos. Eating in a restaurant helps fulfill sociological needs. According to Gadais (2005), every customer is the foundation of any business' success, the reason why these particular restaurants survive for a number of years. Moreover, the restaurants had lost a significant amount of customers amidst the pandemic. In relation to this, according to the study of James Beard Foundation (2020) the biggest challenges restaurant owners believe they are facing in reopening is the slow return of customers (41%), it has the largest percentage compared to other factors. The respondents think that the issues in human resources is of moderate concern, issues in restaurant facilities is of a minor concern, the cause of the pandemic in terms of supply chain management is of moderate concern, and issues in terms of marketing is of moderate concern. Experts estimate that over half of restaurants will not survive (Severson & Yaffe-Bellany, 2020). Therefore, a strategic move to maintain consumer demand in the crisis is critically important (Sigala, 2020). The restaurants included in the study indicated a drop in their financial performance amidst the pandemic. According to the National Restaurant Association (2020) in their restaurant industry financial statistics, the restaurant industries lose up to $240 billion last 2020. The cause of the pandemic in terms of financing is of moderate concern. Future actions of the restaurants to help maintain the business running is of major concern. Post Covid-19, businesses will undoubtedly alter or restructure their business models in light of the losses incurred and anticipated market conditions. It is possible to reduce the number of employees, but shrewder organizations can consider using the current labor in newer jobs as needed by the company.

Conclusion

The findings from this study led the researcher to draw a number of conclusions pertaining to the assessment of the effects of the Covid-19 pandemic in selected restaurants in Gapan City, Nueva Ecija, Philippines. This paper extends the understanding of facilities management in the restaurants involved in the study. The restaurants opened between May to July 2020 but at small fractions of capacity, in fact, they reduced the space of the establishment and arranged the premise to accommodate customers which dropped to less than 25 customers a day. Employees had to experience absence without pay due to lack of financial resources. The facilities had to be reduced and they had to pay additional charges to the suppliers due to pandemic. In terms of marketing, these restaurants had to recalibrate their services to better accommodate customers, and new marketing tactics had to be implemented. The restaurants included in the study experienced a significant drop in their monthly earnings. The results of this research paper showed that the restaurants in Gapan City need to make sure that they do what they can to best position themselves for a successful return to a normal service.Despite

of a number of different ways to retain traffic and generate revenues, these restaurants indicates a decrease in sales amidst the Covid-19 pandemic. This may lead the restaurants to re-calibrate its policies following the safety protocols promulgated by the government, offer additional services provided to patrons to avoid losing the customers, or even temporarily closing for several months.

Based on the conclusions drawn, the following recommendations are hereby offered:

1. Emphasizing private dining rooms or private tables to provide for a quick solution for the decrease in restaurant customers because of the pandemic.
2. Implementing various recovery strategies for the negative effect of the pandemic on the sale of restaurants service. They should focus more on delivery service, food delivery app, and utilizing online platforms.
3. Future researchers should further conduct the study in broader areas other than Gapan City to know the perspective of different restaurants in different places regarding this problem, using a wider scope of factors.

Reference

Dogan Gursoy & Christina G. Chi. 2020. "Effects of COVID-19 Pandemic on Hospitality Industry: Review of the Current Situations and a Research Agenda." Journal of Hospitality Marketing & Management 29(5):527–29. doi: https://doi.org/10.1080/19368623.2020.1788231.

Garry B. 2020. "No Title." Journal of Business Research.

Gössling S., Scott D., Hall C.M. 2020. "Pandemics, tourism and global change: a rapid assessment of COVID-19.

Gössling, S., Scott, D., & Hall, C. M. 2020. "Pandemics, tourism and global change: A rapid assessment of COVID-19". *Journal of Sustainable Tourism*, 1–20. https://doi.org/10.1080/09669582.2020.1758708 [Taylor & Francis Online], [Web of Science ®], [Google Scholar]

Gourinchas, P.-O. 2020. "*Flattening the pandemic and recession curves*". Mitigating the COVID Economic Crisis: Act Fast and Do Whatever.

Joshua G. 2020. Economics in the Age of COVID-19.

Lund S., Ellingrund K., Hnacock B., Manyika J., Dua A. 2020. Lives and Livelihoods: Assessing the Near-term Impact COVID-19 on US Workers.

Naveen D., Anders Gustafsson Severson K., Yaffe-Bellany D. 2020. Independent restaurants brace for the unknown. *The New York Times.*

Pizam A., Mansfeld Y. Wiley. 1996. Tourism, crime, and international security issues.

Retrieved from. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7280091/

Sigala M. 2020. "Tourism and COVID-19: Impacts and implications for advancing and resetting industry and research". *Journal of Business Research*

HOSPITALITY AND TOURISM MSME'S DURING COVID-19 PANDEMIC: AN ASSESSMENT

Khriz N. Fernandez, MBA,
Nueva Ecija University of Science and Technology

Alma Pia R. Garcia, MBA,
Nueva Ecija University of Science and Technology

John Paolo S. Nagano, MBA
Nueva Ecija University of Science and Technology

Email Correspondence: khrizken28@gmail.com

ABSTRACT

This study was intended to identify the positive and negative effects on Micro, Small, Medium Enterprise in Cabanatuan City, Nueva Ecija and their coping mechanism to survive during the pandemic. The researchers utilized online survey questionnaires as their research design; furthermore, the researchers used purposive sampling procedure to choose the 15 Hospitality and Tourism MSMEs of Cabanatuan City as their target respondents. From the findings of the study the researchers determined that the Covid-19 epidemic has had a significant impact on the majority of enterprises, with some seeing a boost in sales and others seeing a fall in sales. As a result, utilizing current technologies such as social media, some businesses are able to boost the number of productions of their products by expanding their target markets or clients. As a suggestion, more research could be done to see what additional tactics might be employed to enhance sales and expand the target market. They could also consider a prospective company development strategy as they slowly survive and get back on track while thinking about the "New Normal" setup.

KEYWORDS: MSMEs, Hospitality, Tourism, CoViD-19 Pandemic

Introduction

According to the Congressional Policy and Budget Research Department of the House of Representatives, written last June 2018, Micro, small, and medium-sized businesses (MSMEs) are considered the backbone of many economies worldwide, including the Philippines. MSMEs produced 35.7 percent of total value-added or gross domestic product in 2018, according to the Department of Trade and Industry (DTI), accounting for 99.5 percent of the total number of business establishments in the nation. In 2018, MSMEs created 5.7 million jobs, accounting for 63.2 percent of overall employment. MSMEs are defined as businesses with less than 200 employees and less than P100 million in assets. According to the most recent data from the Philippine Statistics Office, the country's commercial businesses totaled 957,620. MSMEs make up 952,969 (99.51%) of the total, while big business make up 4,651 (0.49%). Microbusinesses account for 88.77 percent of all MSME firms (850,127), with small businesses accounting for 10.25 percent (98,126) and Medium businesses accounting for 0.49 percent (4,716).

As per the MSMEs distribution geographically within the country, the National Capital Region (NCR) has the most MSMEs, with 201,123 (21.10 percent), followed by Region 4-A (CALABARZON) with 139,363 (14.62 percent), Region 3 (Central Luzon) with 111,262 (11.68 percent), Region 7 (Central Visayas) with 65,682 (6.89 percent), and Region 6 (Western Visayas) with 57,469 (57.469 percent) (6.03 percent). The top five (5) locations accounted for about 60.33 percent of the country's total number of MSME enterprises. The concentration of MSMEs in a given region is mostly determined by economic activity and population size.

The Covid-19 Pandemic has an impact on a variety of enterprises around the country, particularly SMEs. As we all know, they rely only on daily sales, and different quarantine categories impose constraints on the sorts of enterprises that may be opened. Only a small number of people are allowed to leave their houses during the initial months of the covid-19 , and only essential merchants are open. These constituted the motivation for MSMEs to devise and test various sales techniques, even during the lockdown.

Method

The research is a Descriptive-Quantitative type of research; it uses questionnaires to determine and assess the effects of covid-19 pandemic to Hospitality and Tourism MSMEs. The word descriptive research refers to the research questions, study design, and data analysis that were undertaken on that issue. It's called an observational research approach since none of the variables in the research study are changed in any way. Descriptive research is a type of quantitative study that aims to collect measurable data in order to do statistical analysis on a population sample. It is a widely used market research instrument that allows us to gather and define the characteristics of a demographic category. Moreover, the study utilizes purposive

sampling in which selection of 15 individuals who own a Micro, Small and Medium Enterprises establishment for hospitality and tourism industry in Cabanatuan city relies on their characteristics and depends on the own judgment of researchers and based on the objective of the study.

Result

This study primarily sought to determine the effects of Covid-19 during the pandemic for hospitality and tourism Micro, Small and Medium Enterprise. 53.33 percent (8) of the respondents are males and 46.67 percent (7) of the respondents are females. 60 percent (9) of the respondents are single and 40 percent (6) of the respondents are married.

60 percent (9) of the respondents are from a small enterprise, 33.33 percent (5) are from Micro-enterprises and 6.67 percent (1) is part of a medium enterprise. When it comes to the years of business 73.33 percent (11) of the respondents are established 5 years and below and only 6.67 percent (1) of the total number of respondents was established 11 years and above. In terms of the respondent's income before the pandemic, 66.67 percent (10) of the respondents earn Php 100,001 and Above while the lowest mean was 13.33 percent (2) of the respondents earn Php 50,001-100,000 per year. On the other hand, the total estimated income during pandemic 60 percent (9) of respondents are earning Php 50,001-100,000 per year and 40 percent or (6) of the respondents says that they are earning Php 100,001 and above.

Discussion

There are different effects of CoViD-19 Pandemic in different aspects of the business. For the financial aspects of the Business 40 percent (6) of the respondents decrease the number of their sales and 26.67 percent (4) respondents say that they retain the same volume of sales. In terms of Production 40 percent (6) of the respondents decrease its number of production and only 13.33 percent (2) of the respondents say that there is no increase or decrease in the number of productions. Lastly, the Marketing Aspect 80 percent (12) of the total respondents strengthen their marketing strategies to increase their sales and 20 percent (3) of them say that they just retain the marketing strategies used before.

Lastly the researchers also identify the different strategies used to increase their sales or motivate the business to survive. In the marketing aspect 100 percent (15) increases their social media presence to promote their business.

Conclusion

The researchers concluded that the majority of the businesses are greatly affected by the Covid-19 pandemic, some increasing their sales and some decreasing their sales. Hence, this

also shows that some of the businesses find opportunities to increase the number of productions of their products by the help of increasing their target markets or customers, using modern technology such as social media. As a recommendation, further studies can also be conducted to determine what are the other strategies that may be used to probably increase their sales and increase its target market. The further researches may also look on the possible development plan for business as they slowly survive and be back on track while thinking of the "New Normal" set up.

Reference

A. Ronquillo. 2021. "The Importance of MSMEs in the Philippines." Retrieved (https://www.manilatimes.net/2021/07/23/supplements/the-importance-of-msmes-in-the-philippines/1808048).

CPBRD. 2020. "MSMEs In The Philippines." Retrieved (https://cpbrd.congress.gov.ph/2012-06-30-13-06-51/2012-06-30-13-36-50/1195-ff2020-19-msmes-in-the-philippines).

Department of Trade and Industry. 2020. "2020 MSME Statistics." Retrieved (https://www.dti.gov.ph/resources/msme-statistics/).

J. T. Clavesillas. 2017. "MSME Development Programs in the Philippines." Retrieved (https://www.wto.org/english/forums_e/business_e/session1_1clavesillas_wto_djtc_final_main.pdf).

Sepo Senate Of The Philippines Office. 2012. The MSMEs Sector At A Glance." retrieved (https://legacy.senate.gov.ph/publications/AG%202012-03%20-%20MSME.pdf).

Tiezhu Su, et. al. 2020. "Determining the impact of Covid-19 on the business norms and performance of SMEs in China." Retrieved (https://www.tandfonline.com/doi/full/10.1080/1331677X.2021.1937261).

UNDP. 2020, "MSME Sector is key to COVID-19 Inclusive Recovery for PH." Retrieved (https://www.ph.undp.org/content/philippines/en/home/presscenter/pressreleases/202-/msme-sector-is-key-to-covid-19-inclusive-recovery-for-ph.html?utm_source=EN&utm_medium=GSR&utm_content=US_UNDP_PaidSearch_Brand_English&utm_campaign=CENTRAL&c_src=CENTRAL&c_src2=GSR&gclid=Cj0KCQiAsqOMBhDFARIsAFBTN3faB03gO-lAzA2LyYtxh1HrKmhgfigKsbsohsFrjnxQWTW9zgR68ooaAmiaEALw_wcB).

United Nations. 2020. "Assessment of the Impact of COVID-19 on MSMEs, and especially women-led MSMEs, in Viet Nam." Retrieved (https://www.unescap.org/sites/default/d8files/2020-09/ESCAP_VietNam_MSMEs_and_COVID-19_1.pdf?fbclid=IwAR2wfMb1v7BzQ_wNxH65Cahk_GjlvipC47TiDM1fbaZWe5RQz0wSlLA0S0Y).

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Rahayu Ludiana

Accounting, Institute of Asia Malang, Indonesia

Layly Dwi Rohmatunnisa' S.Pd., M.Akun

Accounting, Institute of Asia Malang, Indonesia

Email Correspondence: rahayuludiana09@gmail.com

ABSTRACT

In presenting quality financial statements, companies are faced with considerations, one of which is the application of accounting conservatism. The research population is the basic industrial and chemical manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. The sample selection in this study used purposive sampling method. Based on the purposive sampling method, the number of companies is 37 companies. The analytical tool to examine the hypothesis is multiple regression analysis using the SPSS 26 program. The results showed that bondholders-shareholders conflict and firm size had an effect on accounting conservatism, while capital intensity had no effect on accounting conservatism

KEYWORDS: Bondholders-Shareholders Conflict, Firm Size, Capital Intensity, Accounting Conservatism

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Introduction

The financial report is one of the accountability results of management performance which contains information on company profits on the management of company resources. Stakeholders usually use financial statements as reference information for decision making and are useful in viewing current conditions or as a tool to predict the condition of the company in the future. In presenting information, companies are required to provide a correct and comprehensive disclosure in both quantitative and qualitative forms. Associated with this disclosure is the application of a concept called conservatism. This concept arises because of the accrual basis in forming and presenting the company's financial statements. According to (Savitri, 2016) there is the application of a concept called accounting conservatism in relation to the disclosure of true value financial statement information.

The application of conservatism is caused because accounting uses the accrual basis in forming and presenting a company's financial statements. Accrual causes the formation of accounting values not only the real value of financial transactions but also includes recording the value of transactions that give rise to the possibility of cash inflows and cash outflows in the future.(Savitri, 2016)revealed that the accrual concept basically allows the recording of the value of transactions that give rise to the possibility of cash inflows and outflows in the future, both due to past and present transactions. Therefore, management applies conservatism which anticipates the uncertainty of future cash inflows and outflows.

According to (SK Maharani & Kristanti, 2019) Conservatism is an accounting principle which, if applied, will result in low profit and asset figures, and high cost and debt figures. In this case, the principle is a modified principle that acts as a limitation on the presentation of relevant and reliable accounting data. The principle of conservatism assumes that when choosing between two or more generally accepted accounting techniques, a preference is shown for the option that has the least favorable impact on shareholder equity. This explains that the principle of conservatism implies the lowest value of assets and income and the highest value of liabilities and expenses that should be selected for reporting.(Choiriyah, 2016).

Thoughts and empirical evidence show that there is still controversy regarding the use of the principle of conservatism in the presentation of financial statements.(Hotimah, 2018)explain that there are opinions that agree and reject the principle of conservatism. The argument that supports or agrees with this concept is that the pessimistic condition is necessary to offset the excessive optimism of managers and owners so that these conditions can be minimized. In addition, overvalued earnings and valuations are dangerous for the company and owners because they carry a greater risk than undervalued ones. Arguments that reject the concept of conservatism assume that conservatism is not focused on evidence but the fear of overstatement of net assets and profits that causes misleading information. According to (Alfian & Sabeni, 2021) if the company applies a conservative accounting method, the

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

information conveyed tends to be biased and does not reflect the actual conditions. The argument that agrees with this principle is that conservative accounting is considered useful for avoiding opportunistic behavior of managers related to contracts that use financial statements as a contract medium.(Watts, 2005)

The phenomenon of accounting conservatism in Indonesia can be seen in PSAK as a basic rule that must be applied in conducting financial reporting for all parties. However, in its application, accounting conservatism needs to be considered because of the flexibility of management in presenting financial statements. In addition, there are several cases that present financial statements that tend to be overstated so that they can mislead users of financial statements. Cases of conservatism in Indonesia have been carried out by many companies, especially those engaged in manufacturing. This is due to an understanding of the importance of the role of accounting conservatism for the survival of the company. One of them happened to PT Kimia Farma Tbk. Based on the results of the examination by the Capital Market Supervisory Agency (Bapepam, 2002) obtained evidence that there were misstatements in the financial statements of PT Kimia Farma Tbk in the valuation of finished goods inventories and errors in recording sales, the impact of these errors resulted in overstated profits in net income for the year ended December 31, 2001 amounting to Rp.32.7 billion. The same case also happened to PT Indofarma Tbk. Based on the results of the examination by the Capital Market Supervisory Agency (Bapepam, 2004) evidence was found that the value of work-in-process was valued higher than the value that should have been in presenting the value of work-in-process inventory in the 2001 fiscal year of Rp.28.87 billion. As a result, the overstated inventory amounted to Rp.28.87 billion. Cost of goods sold is understated by Rp.28, 87 billion and net income is overstated with the same value. This case indicates the low application of the principle of conservatism by the company in the preparation of its financial statements. The application of the principle of conservatism that is not good is also seen from managers who have high equity in the company will use a lower level of conservatism to avoid falling stock prices.(Choiriyah, 2016)

The existence of cases like the above supports the application of the principle of accounting conservatism in financial statements. This case is due to the lack of application of the principle of accounting conservatism in its financial reporting, so that the resulting financial statements are optimistic or overstated which can harm users of financial statements. For this reason, it is necessary to apply the principle of accounting conservatism in financial reporting in order to minimize the optimistic attitude of managers in reporting their financial statements.

The level of accounting conservatism in each company is different so it is necessary to pay attention to the factors related to accounting conservatism. Factors related to accounting conservatism have been widely studied. The first factor that affects conservatism is the bondholders-shareholder conflict. Bondholders are bondholders and Shareholders are shareholders. Bondholders-shareholders conflicts occur because of differences in interests or

concerns over the company's dividend payment policy due to debt and investment. According to bondholders, the company does not need to pay more dividends so that the available assets can meet debt payments.(Ardi et al., 2019). Research result(Ulfa et al., 2018)shows that bondholder-shareholder conflict has a positive effect on accounting conservatism. The bondholder-shareholder conflict variable has an effect of 67.2% on accounting conservatism. However, this result is different from the research(Sudane et al., 2020)that the bondholder-shareholder conflict has no effect on accounting conservatism. This is because whatever happens in the conflict between shareholders and creditors does not affect the prudence of management regarding the application of the principle of accounting conservatism.

The second factor that influences conservatism is firm size. According to(SK Maharani & Kristanti, 2019)Company size is a scale that can be classified as large or small in various ways, one of which is by looking at the total assets it has. The larger the assets owned by the company, it can be said that the size of the company is large. If a company is categorized as a large company, the company will apply conservative accounting. This is because the company will be faced with high political costs by the government. The government will encourage companies to pay high taxes along with high profits generated relatively permanently by these companies. In addition, the government will also ask companies to provide public services and higher social responsibility to the community. Therefore, large companies tend to apply the principle of conservatism to avoid the large political costs imposed on the company. Research result(Hotimah, 2018)shows that firm size has a positive effect on accounting conservatism. This shows that large companies are considered more politically sensitive and have a relatively large wealth transfer burden, so to anticipate the uncertainty of these political costs, managers of a large company will take conservative accounting policies to minimize these political costs, which means that the larger the size of the the company, the company will be more careful in the process of preparing financial statements, so that the resulting financial statements will be more conservative; However, this result is different from the research(Sinambela & Almilia, 2018)that firm size has no effect on accounting conservatism. The average firm size for above-average conservatism values has a higher value than the average firm size for below-average conservatism values. The difference between the average firm size for accounting conservatism above and below the average is not large enough which indicates that firm size does not have a significant effect on the value of accounting conservatism.

The third factor influencing conservatism is capital intensity. Capital intensity is a picture of the size of the company's capital in the form of assets. The amount of capital intensity in a company means that investors will monitor the performance of managers more intensively, to keep their investments safe from risks that may occur in the future so that company managers will be more conservatism in presenting financial statements and tend to suppress profit engineering. Cash Flow or referred to as cash flow which consists of operating activities, investing activities, and financing activities.(Suharni et al., 2019). Research result(Rivandi &

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Ariska, 2019)shows that capital intensity has an effect on accounting conservatism. These results can be interpreted that the higher the firm's capital intensity, the higher the level of corporate accounting conservatism. In accordance with political costs, the greater the capital intensity of a company, the more capital intensive the company is and the greater the inherent political costs, for example, such as employee demands to increase wages and salaries, so the company will try to reduce profits on financial statements and make the company more conservative. . However, this result is different from the research(Sinambela & Almilia, 2018)that capital intensity has no effect on accounting conservatism. The average capital intensity for the above average conservatism value has a lower value than the capital intensity average for the below average conservatism value. This lower value indicates that there is an opposite relationship between capital intensity and accounting conservatism.

The inconsistency of the results of previous studies makes researchers want to re-examine the above variables consisting of bondholders-shareholder conflicts, company size, and capital intensity in manufacturing companies listed on the Indonesia Stock Exchange (IDX). The use of basic and chemical industrial sector companies is due to the fact that the company is a group of companies with a large population on the IDX, so the number of samples to be studied is also large and will have an impact on strengthening the results of the research. In addition, research on manufacturing companies in the 2019-2021 period better describes the latest conditions. In addition, the measurement method of research conservatism is the amount of accruals using a proxy developed by Givoly and Hayn (2000). This proxy is still very rarely used by previous researchers, because previous researchers still use the adaptation of Beaver and Ryan (2000).

Based on the empirical facts that have been described above, the formulation of the problem in this study includes:

1. What is the effect of bondholders-shareholders conflict on accounting conservatism?.
2. What is the effect of firm size on accounting conservatism?.
3. What is the effect of capital intensity on accounting conservatism?.

Method

Types of research
This type of research is causal associative research which aims to determine the effect of bondholders-shareholder conflict variables, firm size and capital intensity on accounting conservatism as the dependent variable.

Population and Sample
The population of this study is the basic and chemical industrial sector companies listed on the Indonesia Stock Exchange (IDX) as many as 83 companies. In this study, samples were taken using non-probability sampling with purposive sampling method. Purposive sampling is done

by taking samples based on certain criteria with the aim of providing maximum information(Bahri, 2018).

The sample selection criteria are basic and chemical industrial sector companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021, basic and chemical industry sector companies that are not consistently listed in 2019-2021, basic and chemical industry sector companies that are consistently listed in 2019 -202, basic and chemical industry sector companies that experienced losses in 2019-2021, basic and chemical industry sector companies that experienced profits in 2019-2021, basic and chemical industry sector companies that did not present financial statements in foreign currencies for 2019-2021 , and companies in the basic and chemical industry sectors that present financial reports in rupiah currency for 2019-2021.Based on the criteria and sample selection procedures, 37 companies in the basic and chemical industry sectors in 2019-2021 were obtained in this study.

Data Types and Sources

The type of data in this research is quantitative data in the form of numbers or numbers. The data is an annual report of manufacturing companies in the basic and chemical industry sectors listed on the IDX for 2019-2021. The data source of this research is secondary data (cross section) which aims to determine the effect of bondholders-shareholders conflict, firm size, and capital intensity on accounting conservatism.

Operational definition

Variable operational definition is a description of the indicators of each variable and can be explained in the form of tables or narratives(Bahri, 2018). The operational definition in this study refers to several empiricists which are summarized in table 1.

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Table 1 Variable Operational Definition

| Variable	Operational definition	Reference Source
Accounting Conservatism	The dependent variable (bound) is a variable whose existence is influenced or becomes a result, because of the independent variable. Accounting conservatism is formulated with earning/accrual measures. $CONACC_{it} = NI_{it} - CFO_{it}$	(Princess et al., 2021)
Bondholders-Shareholders Conflict	Bondholders-shareholders conflict is a conflict between creditors and investors that occurs when a company seeks funding from debt. Bondholders-shareholders conflict is formulated using leverage as proxied by debt to equity ratio. $DAR = \dfrac{Total\ Debt}{Total\ Assets} \times 100\%$	(M. Maharani et al., 2021)
Company Size	Company size is a scale where companies are classified, according to their size. Company size is measured using the natural logarithm of total assets (Ln total assets). Company Size = Natural logarithm of Total Assets	(Sinambela & Almilia, 2018)
Capital Intensity	Capital intensity is an illustration of the amount of capital needed by the company to earn income. Capital intensity speaks of how much capital is used to earn income in the form of assets. Capital intensity is calculated by the ratio of total sales and total assets. $Capital\ Intensity = \dfrac{Total\ Sales}{Total\ Assets}$	(SK Maharani & Kristanti, 2019)

Data Source: Empirical Study

Conceptual Framework

The conceptual framework that describes the relationship between variables in this study can be described as follows:

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Figure 1 Conceptual Framework
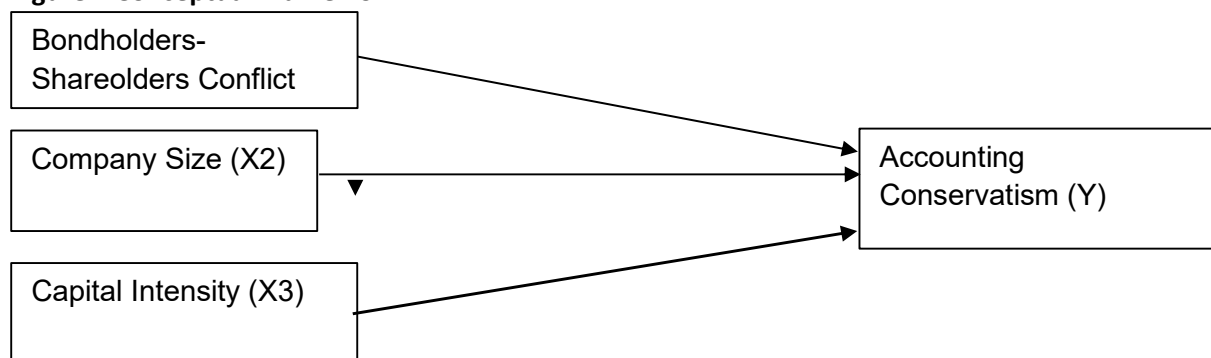
Based on Figure 1, the hypotheses of the study include:

H1: bondholders-shareholders conflict has a positive effect on accounting conservatism

H2: firm size has a positive effect on accounting conservatism

H3 : capital intensity has a positive effect on accounting conservatism

Data Analysis Techniques and Hypothesis Testing

In this study using the classical assumption test, namely normality test, multicollinearity test, heteroscedasticity test, and correlation test. In addition to using the classical assumption test, it also uses multiple regression analysis techniques, the coefficient of determination test and hypothesis testing.

Data Normality Test

The approach thatused to test the normality of the data, namely the One-Sample-Kolmogorov-Smirnov test method. Decision making guidelines:

1. The value of sig 0.05, the distribution is not normal.
2. The value of sig 0.05, the distribution is normal.

Multicollinearity Test

In the multicollinearity test to determine whether a regression modelexperiencing symptoms of multicollinearity can be seen in the value of the variance inflation factor (VIF). The results of the calculation of the VIF value 10, the regression model is said to be good and there are no symptoms of multicollinearity.

Heteroscedasticity Test

Heteroscedasticity was tested usingspearman's rho method. Spearman's rho correlation is to correlate the independent variable with the residual. The test uses a significant level of 0.05 with a 2-sided test. If the correlation between the independent variables and the significance level of the ratio is more than 0.05, then it is said that there is no heteroscedasticity.

Autocorrelation Test

The tool used to test the autocorrelation using run test. The test criteria are significant values < 0.05, autocorrelation occurs and if significant values are > 0.05, there is no autocorrelation.

Multiple Regression Analysis

Multiple Linear Regression hypothesis testing is used toknowing how the influence of independent variables on the dependent variable. Testing the research hypothesis using multiple regression models. Multiple regression statistical test using the following model:

Y = a + 1X1 + 2X2 + 3X3 + e.⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯1

Coefficient of Determination Test

The level of accuracy of the regression is expressed incoefficient of multiple determination (R2) whose value is between 0 to 1. A value close to 1 means that the independent variable provides almost all the information needed to predict the variation of the independent variable.

Hypothesis testing

The t test is used forhypothesis testing the influence of individual independent variables on the dependent variable.

Result

Table 1 Data Normality Test

			Unstandardized Residual
N			46
Normal Parameters, b	mean		,0000000
	Std. Deviation		2.49443125
Most Extreme Differences	Absolute		,148
	Positive		,110
	negative		-,148
Test Statistics			,148
Monte Carlo Sig. (2-tailed)	Sig.		,246d
	99% Confidence Interval	Lower Bound	,235
		Upper Bound	,257

a. Test distribution is Normal.

The normality test of the data used the one Sample Kolmogorov-Smirnov test. Residual data is used as a value in the Kolmogorov-Smirnov test. One of the criteria in the Kolmogorov-Smirnov Test to determine the results is to see a significant value for Monte Carlo (2-tailed). If the value of Monte Carlo Sig (2-tailed) is greater than 0.05 then the residual is normally distributed (sig > 0.05) and vice versa if the value of Monte Carlo Sig (2-tailed) is less than 0.05, it can be said residuals are not normally distributed (sig < 0.05). With the IBM SPSS version 25 program in the test, it has three similarities, according to (Mehta, C. R., & Patel, 2012) can use

extract P-values, Monte Carlo P-values, and asymptotic P-values. Most studies use asymptotic equations in testing the normality of data, but these equations have several weaknesses that make the data results abnormal.

This weakness was stated by (Mehta, C. R., & Patel, 2012) namely as follows: "This means that p values are estimated based on the assumption that the data, given a sufficiently large sample size, conform to a particular distribution. However, when the data set is small, sparse, contains many ties, is unbalanced, or is poorly distributed, the asymptotic method may fail to produce reliable results." This means that the weakness caused by asymptotics is when the data is small, the data is not balanced and the distribution is bad, it will cause inaccurate results. Therefore, in addition to using the asymptotic equation, one of them can use Monte Carlo. The Monte Carlo equation is an iterative sampling method. To use the Monte Carlo equation,

There are several studies that may not pass the normality test because there are some data that are different from other data. So in this study, it is required to use outlier testing. Outlier data is data that has extreme differences or is much different from other observations (Ghozali, 2013). According to (Ghozali, 2013) the cause of the research there is an outlier data due to four things, firstly there is wrong data in the entry, secondly an error in a computer program that is missing value, the third data that becomes an outlier is data that should not be used as a sample and lastly the data is a sample but have extreme values and are not normally distributed. One of the outlier tests on SPSS version 26 can use the Box-Plot approach outliers. In the blox-plot output to see extreme values, that is by looking at the distance of the position of the numbers and the star symbol, where the farther the position of the number is from the box area and has a star symbol, it can be said that the data has a high extreme level. So in this study, for normal testing of data with the Kolmogorov-Smirnov test, it requires a confidence level with the final sample size after the outliers are used. Based on table one Sample Kolmogorov-Smirnov/Test statistic is 0.148 with a significance level of 0.246. The significance value of Monte Carlo 0.246 > 0.05, it can be concluded that the residual data is normally distributed and can meet the assumption of normality.

Table 2 Multicollinearity Test

| Model | | Collinearity Statistics | |
		Tolerance	VIF
1	(Constant)		
	X1	,874	1.144
	X2	,942	1.061
	X3	,901	1,110
a. Dependent Variable: Ln_Y			

The results of the multicollinearity test show that the VIF value of the bondholders-shareholder conflict variable is 1.144, the firm size variable is 1.061 and the capital intensity

variable is 1.110. The three variables have a VIF value of less than 10 so it can be concluded that there is no multicollinearity between the independent variables.

Table 3 Heteroscedasticity Test

			Ln_Y	X1	SQRT_X 2	Ln_X 3	Unstandardiz ed Residual
Spearman 's rho	Unstandardiz ed Residual	Correlatio n Coefficien t	,303 *	,283	,112	0.05 3	1,000
		Sig. (2-tailed)	,250	0.05 6	,458	,724	.
		N	46	46	46	46	46

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation results between bondholders-shareholders conflict variables, firm size, and capital intensity with the Unstandardized Residual value has a Sig. (2-tailed) significance of more than 0.05 so it can be concluded that there is no heteroscedasticity.

Table 4 Autocorrelation Test

	Unstandardized Residual
Test Value	,20660
Cases < Test Value	23
Cases >= Test Value	23
Total Cases	46
Number of Runs	26
Z	,447
asymp. Sig. (2-tailed)	,655

The results of the run test show that the significance value is 0.655 > 0.05, so it can be concluded that there is no autocorrelation.

Table 5 Coefficient of Determination Test

Model Summaryb				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,920a	,846	,835	2,58198

Based on the table, the R^2 number is 0.835 or 83.5%. This shows that bondholders-shareholders conflict, firm size, and capital intensity have an influence on accounting conservatism by 83.5% while the remaining 16.5% is influenced by other variables not included in this study.

Table 6 Multiple Regression Analysis and Hypothesis Testing

		Coefficientsa				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	-21,228	4,341		-4,890	,000
	X1	-,080	,023	-,224	-3,466	.001
	X2	,941	0.069	,848	13,593	,000
	X3	,630	,771	0.052	,818	,418

The multiple linear equation is as follows: accounting conservatism = (-21,228) + (-0.080) bondholders-shareholders conflict + 0.941 firm size + 0.941 capital intensity. The results of the t table are found to be 1,982 and the conclusions of the t test are as follows:

1. Bondholders-sharehoders conflict variables

   The tcount value is 3,466 > 1,982 ttable with a significance value of 0.01 < 0.05. This value shows that bondholders-sharehoder conflicts have a positive effect on accounting conservatism

2. Firm size variable

   The tcount value is 13,593 > 1,982 ttable with a significance value of 0.000 <0.05. This value indicates that firm size has a positive effect on accounting conservatism

3. Capital intensity variable

   The tcount value is 0.818 < 1.982 ttable with a significance value of 0.418 > 0.05. This value indicates that capital intensity has no effect on accounting conservatism

Discussion

Judging from the results of the study, it can be seen that the first variable of bondholders-shareholders conflict has a positive effect on accounting conservatism so that the first hypothesis is accepted. This is in line with research(Ulfa et al., 2018)which states that bondholders-shareholders conflict affects accounting conservatism and is contrary to research(Sudane et al., 2020)which states that bondholders-shareholders conflict has no effect on accounting conservatism.In this study, leverage is proxied because the higher the leverage value of the company, the creditors have a greater right to know and supervise the company's operations and accounting in the interests of creditors to secure their funds, so it is more likely that companies use procedures that tend to increase reported profits for the current period or reports. The financial statements presented tend to be conservative.

The second variable of this study is firm size, the results of data analysis state that firm size has an effect on accounting conservatism so that the second hypothesis is accepted. This is supported by research (Hotimah, 2018) which states that firm size has an effect on accounting conservatism and is contrary to research (Sinambela & Almilia, 2018) which states that firm size has no effect on accounting conservatism.

Conclusion

This study shows the results that bondholders-shareholders conflict and company size have a positive effect on accounting conservatism, while capital intensity has no effect on accounting conservatism in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2019-2021 period.This research is expected as a consideration for companies to apply the principle of conservatism in order to overcome agency problems. Theoretically, this study proves that the application of accounting conservatism can avoid uncertainty and related risks in business situations, avoid opportunistic behavior of managers and prevent information asymmetry. The theoretical benefit of this research is that it can be used as a source of further research as a source of information and a means of knowledge for the community.This study has limitations using only a 3-year period in manufacturing companies in the basic and chemical industrial sectors so that the number of samples is limited and the empirical test is less accurate. In addition, the study only uses three variablesbondholders-shareholders conflict, firm size, and capital intensityonly has an effect of 83.5% while the remaining 16.5% is influenced by other variables that are not included in this study. Suggestions can be given for further research which is expected to add and expand the object of research and increase the period of research so that the empirical conducted is higher and more accurate. In addition, it can look for other data sources that are more complete regarding disclosure of accounting conservatism.

Reference

Alfian, A., & Sabeni, A. 2021. "Analisis Faktor-Faktor yang Berpengaruh Terhadap Konservatisme Akuntansi". *Kompartemen: Jurnal Ilmiah Akuntansi*, *18*(1): 1–10. https://doi.org/10.30595/kompartemen.v18i1.7851

Ardi, A., Kamaliah, K., & Indrawati, N. 2019. "Pengaruh Konflik Kepentingan dan Tingkat Kesulitan Keuangan terhadap Konservatisme Akuntansi dengan Risiko Ligitasi sebagai Variabel Pemoderasi". *Jurnal Ekonomi*, *27*(2): 160–171.

Bahri, S. 2018. *Metodologi Penelitian Bisnis Lengkap Dengan Teknik Pengolahan Data SPSS*. Andi.

Choiriyah, N. 2016. "Pengaruh Profitabilitas, Likuiditas, Dan Tingkat Kesulitan Keuangan Perusahaan Terhadap Konservatisme Akuntansi." 31–48.

Ghozali, H. I. 2013. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*.

Hotimah, H. H. H. 2018. "Pengaruh Kepemilikan Manajerial Ukuran Perusahaan, Rasio Leverage, Intensitas Modal terhadap Konservatisme Akuntansi". *Jurnal Ilmu Dan Riset Akuntansi , 7*(10): 1–19.

Maharani, M., Komalasari, A., & Komaruddin, K. 2021. "Pengaruh Peringkat Obligasi Dan Konflik Bondholder-Shareholder Terhadap Penerapan Konservatisme Akuntansi". *Jurnal Akuntansi Dan Keuangan*, *26*(1): 34–42. https://doi.org/10.23960/jak.v26i1.259.

Maharani, S. K., & Farida Titik Kristanti. 2019. "Analisis Faktor-Faktor Yang Memengaruhi Konservatisme Akuntansi". *3*(1).

Putri, S. K., Lestari, W., & Hernando, R. 2021. "Pengaruh Leverage, Growth Opportunity, Ukuran Perusahaan dan Intensitas Modal terhadap Konservatisme Akuntansi". *Wahana Riset Akuntansi*, *9*(1): 46. https://doi.org/10.24036/wra.v9i1.111948.

Rivandi, M., & Ariska, S. 2019. "Pengaruh Intensitas Modal, Dividend Payout Ratio Dan Financial Distress Terhadap Konservatisme Akuntansi". *Jurnal Benefita*, *1*(1): 104. https://doi.org/10.22216/jbe.v1i1.3850.

Savitri, E. 2016. *Konservatisme Akuntansi: Cara Pengukuran, Tinjauan Empiris Dan Faktor-Faktor Yang Mempengaruhinya*, 103.

Sinambela, M. O. E., & Almilia, L. S. 2018. "Faktor-faktor yang mempengaruhi konservatisme akuntansi". *Jurnal Ekonomi Dan Bisnis*, *21*(2): 289–312. https://doi.org/10.24914/jeb.v21i2.1788.

Sudane, G. A., Endiana, I. D. M., & Pramesti, I. G. A. A. 2020. "Konservatisme akuntansi ditinjau dari agency conflict antara pemegang saham, kreditor, dan manajemen". *Jurnal Riset Akuntansi Dan Auditing "Goodwill," 11*(2): 141–151.

Suharni, S., Wildaniyati, A., & Andreana, D. 2019. "Pengaruh Jumlah Dewan Komisaris, Leverage, Profitabilitas, Intensitas Modal, Cash Flow, Dan Ukuran Perusahaan Terhadap Konservatisme (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2012-2017". *JURNAL EKOMAKS : Jurnal Ilmu Ekonomi, Manajemen, Dan Akuntansi*, *8*(1): 17–24. https://doi.org/10.33319/jeko.v8i1.30.

Ulfa, M., Diana, N., & Mawardi, M. C. 2018. "Pengaruh Konflik Bondholders-Share Holders, Bonus Plan Dan Political Cost Terhadap Konservatisme Akuntansi (Pada Perusahaan Manufaktur Sub-Sektor Industri KOnsumsi Terdaftar di Bursa Efek indonesia Periode 2013-2016". *Akuntansi*, 88–97.

Watts, R. L. 200. "Conservatism in Accounting - Part I: Explanations and Implications". *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.414522.

IMPLEMENTATION OF GREEN ACCOUNTING AND ENVIRONMENTAL PERFORMANCE ON PROFITABILITY

Putri Berlian

Accounting, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Justita Dura

Accounting, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Email Correspondence: putriberlian9d@gmail.com

ABSTRACT

Mining companies are related to the environment in carrying out their operational activities. The sustainability of mining activities causes environmental problems and companies must be held accountable for this and accounting begins to play a role in overcoming and preventing problems and green accounting is formed. This study aims to determine the implementation of green accounting and environmental performance on profitability with the ROA (Return On Assets). Profitability is an important instrument for companies and investors in assessing the company's development ability to make a profit. Quantitative research samples were selected through purposive sampling and 20 samples were obtained. The population of this study is mining companies listed on the IDX for the 2019-2021 period and obtained a PROPER rating given by the Ministry of Environment and Forestry. The analysis model used is a multiple regression analysis using SPSS 26. The results of this study indicate that green accounting has a significant effect also with the environmental performance.

KEYWORDS: Green Accounting, Environmental Performance, Profitability, Mining

Introduction

The existence of industrial companies in Indonesia, whose numbers are increasing day by day, cannot be counted on the fingers, especially the mining sector, until now, strengthens the assumption that the Indonesian state is really rich in the abundance of its natural resources. The mining company contributes as a driver of the Indonesian economy in export and import production activities. These companies simultaneously utilize the natural resources of mining, processing by applying such a strategy that is nothing but to obtain maximum income and improve their financial performance, even this opportunity also opens up jobs for the community in general. Fierce competition between companies so that companies are demanded to be effective in managing company resources that are useful in supporting the company's goals, namely to increase profits (Nuryaningrum & Andhaniwati, 2021).

A good indicator of the financial performance of an enterprise is profitability. Profitability is one of the important pieces of information for investors because investors can analyze the development of the company's profit gains. profitability is also an important factor in the survival of the company, the goal of every company is to increase the amount of profitability. The higher the company's profit, it will give a positive signal for investors that they will benefit from their investment (Shofia & Anisah, 2020). The company has the space to carry out operations in the midst of society, the greater its activities, the greater the opportunity for the company to have an impact along with the consequences on the surroundings. The impacts that often have on the surrounding community are environmental impacts such as waste and pollution on water, soil and air. To overcome this problem, management is needed where the accounting field can take a role in efforts to strive for costs for the environment that can be incurred by the company.

Continuous exploration of natural resources can also cause social and environmental problems, therefore mining sector companies are expected to develop sustainable and environmentally friendly businesses to minimize the increasingly severe damage to nature considering the prediction of The Limits To Grow (1972) about global destruction in 2040 which is starting to run according to track (Muhammad, 2021). In addition, the presence of mining companies in the midst of the community is considered quite often or even arguably always has an impact on the environment. From Sumatra, Java, Kalimantan, Sulawesi, Maluku, to Papua, there are traces of social conflict and environmental damage in the mining ring area. Merah said the environment was "undermined" and people were forcibly "silenced" for the sake of implementing priority commodities that are the backbone of the country's income. One of the most worrying concerns communities is the construction of sewage dams close to their residential land, farms, and water sources. Based on JATAM's 2020-year-end records, there were 45 mining conflicts, namely 22 cases of pollution and environmental destruction, 13 cases of land grabs, eight cases of criminalization of residents who refused to mine (victims of criminalization 69 people), and two cases of termination of employment. That number is an

increase compared to 2019 with 11 conflicts. Thus, the total mining conflicts that have arisen in the era of President Joko Widodo's leadership since 2014 are 116 cases (Lumbanrau, 2021).

Suka (2016) in (Chasbiandani et al., 2019) has an opinion that the application of environmental accounting or what is often called good green accounting by the company, is a positive thing that the company has in the eyes of stakeholders, because with the application of good environmental accounting, the company has paid attention to the environmental impact of the surrounding company and the company is considered not only focused on increasing the company's profits.

Green accounting factors that can affect the level of profitability of a company are environmental performance, environmental costs and environmental disclosure. The company's environmental performance can be seen from its participation in preserving the environment. In Indonesia itself, the Ministry of Environment created the Company Performance Rating Assessment Program (PROPER) (Wangi & Lestari, 2020). The government through the Ministry of Environment has initiated a program since 2002 to assess the company's performance in environmental management, namely PROPER (Company Performance Rating Assessment Program in Environmental Management).

The increase in participants between the company and the community will establish a symbiotic relationship of mutualism, meaning that if the company pays attention to the company's environment is always good (green) and can overcome environmental impacts that occur due to its company's activities, the community will be loyal to the company's products and this will have a positive impact on profitability. Therefore, environmental accounting is present as one of the solutions to encourage accountability for environmental sustainability problems (Sari et al., 2022).

This research was conducted to test the effect of the implementation of green accounting on the profitability of mining companies listed on the IDX. Mining companies are companies whose operational activities produce waste and have an impact on the environment of the surrounding community which if not considered and immediately followed up will cause pollution and damage to the environment. Meanwhile, the purpose of this study is to prove whether green accounting and environmental performance have an influence or not on profitability.

The Effect of Green Accounting on Profitability

*T*he existence of good environmental accounting will have an impact on the disclosure of the company's performance and bring a great influence in attracting the attention of investors and consumers of the company. The allocation of costs for environmental management provides consistency of environmental concerns carried out by the company so that it can build public trust in corporate social responsibility. Continuous signal theory suggests that it will be a good outcome for the company if the company gives a satisfactory feed (signal) to

external parties. The surrounding community also supports the company's operational activities, for its concern with environmental processing management in addition to focusing on business only. Based on (Asjuwita & Agustin, 2020), the first step that can be taken related to environmental costs is to categorize the types of costs related to paying attention to several aspects such as the location of the waste site, types of hazardous waste, disposal methods, and others. Environment costs contain explicit and implicit costs. Implicit costs such as costs incurred as a result of potential liabilities that arise. This will make the company's image increase, so that automatically profitability will also increase. Thus, green accounting has an influence on profitability supported by research conducted by Putri et al. (2019), Sari et al. (2022), Sulistiawati & Dirgantari (2016), Risal et al. (2020) and Nisa et al., (2020).

H_1 : Green Accounting has a significant effect on profitability.

Effect of Environmental Performance on Profitability

Based on the theory of legitimacy, the community has a role in assessing the company. The Company must disclose environmental information and provide good environmental performance to get recognition from outside parties (legitimized) that all company activities have run in accordance with existing norms in the environment and society. When the company succeeds in minimizing damage and environmental pollution caused by operational activities, it will show that the company's environmental performance is good. The following with the disclosure of company activities related to the environment to the public gives a positive signal so that it can improve financial performance and generate profitability that reflects the success of the company so that the company's image is also better in the eyes of the public. The assessment of the PROPER level of each company makes comparisons and corrections for those companies. The increase in the company's image will affect the level of trust of stakeholders to increase sales and profit revenue. Based on research conducted by Sari et al. (2022), Putri et al. (2019), and Wangi & Lestari (2020) shows the results of an influence between environmental performance and improving company profitability but there are different results from research conducted by Sahputra et al., (2020) and Murniati & Sovita (2021) which show negative results with financial performance results that have no effect on profitability.

H_2 : Environmental Performance has a significant effect on profitability.

Method

Types and Sources of Research

Data of this research uses a type of quantitative data, namely data in the form of numbers (Bahri, 2018). The data source is in the form of secondary data obtained through the intermediary of the official website of the Ministry of Environment (PROPER - Kementerian Lingkungan Hidup Dan Perhutanan, 2022), the official website of the Indonesia Stock

Exchange (PT Bursa Efek Indonesia, 2022) and the websites of companies included in the research sample.

Population and Sample

The population in this study is all mining companies listed on the Indonesia Stock Exchange (IDX) for a three-year period, 2019-2021. Determination of samples in this study using purposive sampling through the following considerations:

1. Mining companies listed on the IDX for the period 2019-2021 and issue annual financial statements
2. Mining companies that implement green accounting during the period 2019-2021
3. Mining companies that received the PROPER award for the period 2019-2021
4. Mining companies that have a profit during the period 2019-2021

So that a sample of 20 companies that met the criteria was obtained. The dependent variable of the study is profitability as measured using ROA with a comparison of net profit after tax and total assets. The independent variable is green accounting which is measured by environmental performance in the PROPER ranking with five scores, namely gold 5, green 4, blue 3, red 2 and black 1. Data analysis techniques used to prove hypotheses formulated by using SPSS version 26 to determine the degree of correctness and approximate error. The testing of the data is carried out by the method of analyzing the normality test, the classical assumption test, and the hypothesis test.

Result

The results of the descriptive statistical test in this study can be seen in Table 1.

Table 1. Descriptive Statistical Test Results

		Green Accounting	Environmental Performance	Profitabilitas
N	Valid	60	60	60
	Missing	0	0	0
Mean		1,000	3,817	8,0122
Std. Deviation		,0000	,8334	12,09435
Minimum		1,0	2,0	-14,71
Maximum		1,0	5,0	52,02

The results of the descriptive statistical test in table 1 of mining companies for the 2019-2021 period show that the number of data (n) as many as 60 data samples with the amount of profitability as a dependent variable has a standard deviation value of 12.09435, a means value of 8.0122 with a minimum value of -14.71 and a maximum value of 52.02. Furthermore, the independent variable green accounting with the number of data (n) as much as 60, has a standard deviation value of 0.000, while the means value of 1,000 with a minimum value of 1 is equal to the maximum value of 1. For the second independent variable, namely

environmental performance with a total of data (n) of 60, it has a standar deviation value of 0.8334, along with a means value of 3.817 greater than the standard deviation value with a minimum value of 2 and a maximum value of 5.

The test results of the classical assumption test have met the results of the normality test using the One-Sample kolmogrov- Smirnov Test showed the significance value of Asymp. Sig. (2-tailed) 0.121. In the table, the significance value of 0.121 is greater than 0.05, so it can be concluded that the data tested meet the assumption of normality. Coefficients show that the VIF value of the green accounting variable (X1) is 1.036 and the environmental performance variable (X2) has a VIP value of 1.036, of which both < 10. Then, the tolerance value of the green accounting variable (X1) is 0.966 > 0.10 and is the same as the environmental performance variable (X2) of 0.966 > 0.10. This result concluded that there was no occurrence of multicollinearity between free variables in the regression mode used. The Durbin-Watson value in the autocorrelation test showed a result of 1.903. The number of samples (n = 60), the number of variables (k = 2) based on the DW table, then the values of dL = 1.5144 and du = 1.6518, then the equation dU<d<4-dU = the value is in the area free from autocorrelation. As well as the results of the heteroskedasticity test on both variables showed the value of the Significance of the two variables greater than 0.05, green accounting (X1) of 0.248 and environmental performance (X2) of 0.507 concluded that the absence of symptoms of heteroskedasticity. This makes it possible to use the data.

The results of hypothesis testing in this study are shown in Table 2.

Table 2. Hypothesis Test Results

Model		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta		t	Sig.
1	(Constant)	-4,365	10,504			-,416	,679
	Green Accounting	9,851	8,439		,155	1,167	,248
	Environmental Performance	,873	1,307	,089		,668	,507

Multiple linear regression tests are used to test the overall data picture to determine the effect of green accounting and environmental performance on profitability in this research sample, namely mining companies listed on the Indonesia Stock Exchange and are PROPER participants for the 2019 – 2021 period. The t test is used to test whether an independent variable exerts an influence on the dependent variable (Bahri, 2018). The green accounting variable of the calculated t value is 1.167 with a significance level of 0.248 and the environmental performance of the calculated t value is 0.668 with a significance level of 0.507. Environmental performance variable: t count of 0.668 with a significance value of 0.507 > 0.05, then H_2 rejected. Means that environmental performance variables have a significant influence on profitability.

Discussion

The Effect of Green Accounting on Company Profitability

The first hypothesis (H_1) states that green accounting has a significant effect on the profitability of Mining Companies that obtain PROPER ratings and Listings on the Indonesia Stock Exchange for the period 2019 - 2021. The results of the first hypothesis test which had a calculated t value of 1.167 < t count 2.018 with a significance value of 0.248 which means a significant value greater than 0.05 (0.248 > 0.05), it can be concluded that the first hypothesis is accepted or in other words the green accounting variable has a significant but negative influence on profitability. Negative results are expected to increase environmental costs can cause the value of profitability to decrease. The notion that environmental costs are additional costs resulting in reduced profitability value. The consistent application of green accounting can add a positive image value to the company. for a longer period of time, the implementation of green accounting will be very beneficial for all parties, both entrepreneurs, consumers and other stakeholders (investors, the public) (Sunarmin, 2020). The public and other external parties including investors will provide added value because the company also shows its concern for environmental aspects, this will help improve the company's financial performance in obtaining company profits. Companies that have a budget for activities in the implementation of green accounting and are charged as environmental responsibility costs in the form of environmental recovery, environmental management, and environmental rehabilitation get a value of 1. The implementation of green accounting identifies that companies reduce costs to reduce the incidence of environmental damage, so that it will affect the increase in company profits because consumers are proven to prefer environmentally friendly products and companies that focus on the production process and intensively produce environmentally friendly products are proven to have good environmental performance (Sunarmin, 2020). This research is in line with research Sulistiawati & Dirgantari (2016), which shows the results that the application of green accounting has a positive impact on environmental performance. Where the company is willing to comply with policies and regulations as well as consumer demand to produce environmentally friendly products.

The Effect of Environmental Performance on Company Profitability

Environmental performance variable: t count of 0.668 with a significance value of 0.507 > 0.05, then H_2 is accepted. Testing the second hypothesis with environmental performance variables showed a significant influence on the profitability of Mining Companies that obtained PROPER ratings and Listings on the Indonesia Stock Exchange for the period 2019 - 2021 because the significance value was greater than 0.05. Obtaining a PROPER rating is an achievement that can make the company superior to other companies so that the company becomes more competitive to create innovations in its productivity activities. The award received by mining companies from the Ministry of Environment and Forestry can increase profitability, especially for mining companies that will always have an impact on the surrounding environment. The

better the company's environmental performance, the more it can reduce costs related to negative environmental impacts so that with an increase in revenue and a reduction in costs that should not be incurred, it can increase company profits (Sari et al., 2022). The decrease in environmental pollution and good waste treatment can make the company's operational activities more effective and efficient in using resources so that it will support the creation of products that have added value for consumers. The higher the level of appreciation obtained presented in gold, green and blue, the higher the trust of the public and other external parties including investors in the company's operational activities. The results of this study are different from the research conducted by Olivia et al. (2022) which states that environmental performance variables have no effect on the company's profitability. The discussion suggests results interpretation, argument development by linking the results, theories, and opinions, including the comparison with previous research results. It is also important to raise the possibility of their research results contributing to the development of science. This section does not rewrite the data on the research results.

Conclusion

Profitability shows the company's ability to make a profit from sales activities and investment income which is important because it has an influence on the sustainability of the company. This research was conducted to determine whether there is an influence of green accounting and environmental performance on the profitability of mining which obtained a PROPER rating and listing on the Indonesia Stock Exchange for the period 2019 - 2020. The results of tests using multiple linear tests show that the two variables have a significant influence on the company's profit generation. Broadly speaking, the company's profitability from 2019 – 2021, 17 out of 20 companies experienced an increase in profitability by implementing green accounting along with the proper award given by the Ministry of Environment and Forestry. Some companies experienced a decline in profits but were still able to allocate costs for environmental management. There are still many mining companies that have not implemented green accounting so they have not been able to get the PROPER award. This limitation led to the lack of company samples in this study. For further research, researchers can add indicators for green accounting, increase the amount of data and maximize the results of data distribution. The conclusion answers the objectives of research or study based on a more comprehensive meaning of results and discussion of research. Suggestions are addressed for practical action (to the participating institution), for the development of new theories, and further research.

Reference

Asjuwita, M., & Agustin, H. 2020. "The Effect of Environmental Performance and Environmental Costs on Profitability in Manufacturing Companies Listed on the

Indonesia Stock Exchange in 2014-2018". *Journal of Accounting Exploration*, 2(3): 3327–3345.

Bahri, S. 2018. *Complete Business Research Methodology with SPSS Data Processing Techniques*. Andi.

Chasbiandani, T., Rizal, N., & Satria, I. 2019. "Application of Green Accounting to Company Profitabity in Indonesia". *AFRE Accounting and Financial Review*, 2(2): 126–132.

Lumbanrau, R. E. 2021. "Where There Is a Mine There Is Suffering and Environmental Damage, Nelangsa Residents and Nature in the Circle of the Mine"." Retrieved (https://www.bbc.com/indonesia/indonesia-57346840).

Muhammad, F. 2021. "1972 Predictions Of Global Collapse by 2040 Appear On Track. Retrieved (https://nationalgeographic.grid.id/read/132802237/prediksi-1972-tentang-kehancuran-global-pada-2040-tampak-sesuai-jalur?page=all).

Murniati, & Sovita, I. 2021. "Application of Green Accounting to the Profitability of Food and Beverage Companies on the Indonesia Stock Exchange (IDX) in 2015 – 2019". *Dharma Andalas Journal of Economics and Business*, 23(1): 109–122.

Nisa, A. C., Malikah, A., & Anwar, S. A. 2020. "Analysis of the Application of Green Accounting In Accordance With Psak 57 And Environmental Performance On The Profitability Of Mining Companies (Empirical Study On Companies Listed On The Indonesia Stock Exchange In 2014-2018)". *E-JRA*, 09(03): 15–26.

Nuryaningrum, N., & Andhaniwati, E. 2021. "Effect of Environmental Performance, Environmental Disclosure, Iso 14001 On Profitability Moderated Company Size". *Rifle Proceedings*, 1(1): 79–92.

Olivia, V., Halim, K. I., & Novianty. 2022. "The effect of environmental performance, capital structure, and working capital turnover on profitability in mining sector companies". *Journal of Revenue*, 3(1): 157–164.

PROPER - Ministry of Environment and Forestry. 2022. Retrieved (https://proper.menlhk.go.id/proper/).

PT Bursa Efek Indonesia. 2022. Retrieved (https://www.idx.co.id/)

Putri, A. M., Hidayati, N., & Amin, M. 2019. "Impact of Green Accounting Implementation and Environmental Performance on The Profitability of Manufacturing Companies on the Indonesia Stock Exchange". *E-JRA*, 8(4): 149–164.

Risal, T., Lubis, N., & Argatha, V. 2020. "Implementation of Green Accounting towards Company Profitability". *Accumulated Journal*, 2(1): 73–85.

Sahputra, R., Situmorang, M., & Fadillah, H. 2020. "The Effect of Environmental Performance, Environmental Costs, and Environmental Disclosure on Profitability in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2014-2018 Period". *Online Journal of Accounting Students*, 7(3).

Sari, W., Azmi, Z., & Suriyanti, L. H. 2022. "Is Profitability Boosted Due To Its Green Accounting Program And Environmental Performance? Proof Of An Exchange-Listed Manufacturing Company". *Pearl Journal of Accounting*, 7(1): 5–15.

IMPLEMENTATION OF GREEN ACCOUNTING AND ENVIRONMENTAL PERFORMANCE ON PROFITABILITY

Shofia, L., & Anisah, N. 2020. "Environmental Performance and Corporate Social Responsibility Affect The Company's Profitability". *Journal of Accounting & Finance Research*, 3(2): 122–133.

Sulistiawati, E., & Dirgantari, N. 2016. "Green Accounting Against Profitability in Mining Companies Listed on the Indonesia Stock Exchange". *ISSN Journal of Accounting and Finance Review*:, 6(1): 865–872.

Sunarmin. 2020. "Green Technology Accounting as an Innovation to Reduce Environmental Pollution". *Balance Sheet : Journal of Applied Accounting*, 1(2): 135–141.

THE EFFECT OF SALES GROWTH, PROFIT MANAGEMENT, AND CAPITAL INTENSITY ON TAX AVOIDACE

Sidqi Bachtiar Adi Sunarana

Accounting, Institute of Asia Malang, Indonesia

Aditya Hermawan

Accounting, Institute of Asia Malang, Indonesia

Email Correspondence: sidqibachtiaradis007@gmail.com

ABSTRACT

In companies definitely making tax payments, companies are faced with the consideration of paying taxes not too expensive so that the company does tax avoidance. This study aims to determine the effect of sales growth, profit management, and capital intensity on tax avoidance. The population in this study is a manufacturing company listed on the IDX 2021 using purposive sampling techniques. Sample selection in the study used purposive sampling method. Based on the purposive sampling method, the number of companies is 91 companies. The analytical tool for researching hypotheses is multiple regression analysis using the SPSS 26 program. Hypothesis testing results show that capital intensity affects tax avoidance while profit management, and sales growth has no effect on tax avoidance

KEYWORDS: Sales Growth, Profit Management, Capital Intensity, Tax Avoidance

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Introduction

Taxes are the main source of state income which has an important role that is coercive under the law so that the implementation of taxation is highly regulated by the government in order to maintain state revenues used for state purposes for the greatest extent for the prosperity of the people. Taxes are an important source of funding for a country's economy because the most potential source of state revenue and occupy the highest data in the State Budget (APBN) is taxes (Kalbuana et al., 2020).

For the state, taxes are one of the main sources of income. However, this is different from companies because for companies taxes are an expense that can reduce the company's net profit. In its implementation, there are differences in interests between taxpayers and the government. The company strives to pay as little and as minimal taxes as possible because paying taxes is one of the things to reduce the economic capabilities of the company. Such conditions have caused many companies to look for ways to minimize the tax burden. Minimizing tax liabilities that do not violate the law is commonly referred to as *tax avoidance*.

With the policies contained in tax avoidance so that the theory used is agency theory that provides a theoretical view of the relationship or contact between principals and *agents*. *The principal* employs an agent to perform duties for the benefit of the *principal*, including delegation of decision-making authorization from the *principal* to the *agent*. Tax collection is not an easy thing to implement. Taxes from the corporate side are one of the factors considered because taxes are considered a burden that can affect the survival of the company (Masrullah et al., 2018). From the physical side, taxes are one of the sources of income that can potentially affect and increase state revenue. These two sides cause a difference in interests between the fiscus and the company where the fiscus as *the principal* wants as much tax revenue as possible from the community, while the company as an agent wants a minimum tax payment. From the difference in interests between the fiscus and the company based on the theory of the agency will give rise to non-compliance by corporate taxpayers that will have an impact on the company's efforts to avoid avoidance tax. Tax avoidance strategies is the way the law allows but the strategy implemented by this company is still detrimental to state revenue.

Tax avoidance is an effort to reduce, avoid or ease the tax burden in various ways possible by tax legislation by taking into account the presence or absence of a tax result caused. The practice of tax avoidance is generally carried out because of differences in tax regulations that are carried out in such a way as not to officially violate taxes, but to violate the economic substance of an ongoing business activity. Tax *avoidance* is a unique and complicated problem because on the one hand *tax avoidance* does not violate the law, but on the other hand it is not wanted by the government.

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Thereis a difference in tax *avoidance*, namely active and passive tax avoidance. Passive tax avoidance is in the form of obstacles that make taxes difficult for the government to collect and have a close relationship with the economic structure, while active tax avoidance is an action that is shown directly to the government / fiscus. Active tax avoidance is *tax avoidance* and *tax evasion*. (Ultimate, 2020) states that *tax avoidance* refers to tax reduction through legal means by exploiting loopholes in existing tax regulations, but *not evasion* refers to illegal means such as reporting lower income with high deductions. Although *tax avoidance* is an implementation of efficiency for companies in a legal way due to imperfections in tax laws, the government still does not want this. In this case, the directorate general of taxes cannot do anything or prosecute legally even though this *practice of tax avoidance* will affect state revenue from taxes.

The first factor that is thought *to affect tax avoidance* is *sales growth*. Sales *growth* shows the development of sales levels from year to year. Sales growth gives a positive signal to the company's growth in the future which will affect investors' interest in investing. The company can predict the amount of profit that will be obtained with the amount of sales growth. If there is an increase in revenue from sales, it will result in an increase in the level of profit received by the company. Thus, the greater the company's taxable income will cause the company's effective tax rate to increase (Pratiwi et al., 2020). *Sales growth* in the company cannot determine how much profit or income will be obtained by the company because the income cannot be known. With so many competitors outside the company who have the same quality products but at a cheaper price and people always want the necessary supplies / needs but at an affordable price. The increasing growth allows the company to be more able to increase the company's operating capacity. On the other hand, if its growth declines, the company will encounter obstacles in order to increase its operating capacity. The results of the study (Pratiwi et al., 2020) that *Sales growth* has a positive effect on *tax avoidance.* These results contradict the results of the study (Masrullah et al., 2018) concluded the results of the study that *Sales growth* has a negative effect on *tax avoidance.*

The second factor is suspected *to affect non-avoidance*, namely profit management. Various ways are made by taxpayers to be able to reduce the tax burden or even eliminate these obligations. One of the efforts to do tax avoidance is by doing profit management. Profit management is one of the ways that managers use and use in managing profits. Profit management is not only used to increase profits, but can also be used to manipulate profits so that tax liabilities that must be paid can be suspended or even reduced. The results of the study (Darma et al., 2018) that profit management has a positive effect on *tax avoidance*. This is contrary to the results of the study (Alfarizi et al., 2021) that profit management negatively affects *tax avoidance.*

The third factor is thought to affect *non-avoidance*, namely *capital intensity.* Large holdings of fixed assets can reduce tax repayment, because fixed assets have a depreciation expense

or depreciation expense that can be used as a tax deduction. This shows that companies with a high level of fixed assets have a lower tax burden than companies with low fixed assets. Companies that place more emphasis on investing in the form of fixed assets will have a low effective tax rate (Marlinda et al., 2020). *Capital Intensity* is the level of investment of company assets in its fixed assets. *Capital intensity* is often associated with how much *asset* remains and the inventory the company has. The fixed assets owned by the company allow the company to withhold taxes as a result of depreciation of the company's fixed assets annually. Almost all fixed assets will experience depreciation which will be the cost of depreciation in the financial statements company. While this depreciation fee is a cost that can be deducted from income in the calculation of taxes. The greater the depreciation fee, the smaller the level of tax that must be paid by the company. This is supported by the results of research (Kalbuana et al., 2020) that *capital intensity* has a positive effect on *tax avoidance*. These results are different from the results of research from (Anasta, 2021) that Capital Intensity negatively affects *tax avoidance*. The results of the study from (Fatimah et al., 2021) bahwa capital intensity are insignificant and negatively affect tax avoidance.

Tax *avoidance* is an action that can harm the government and the state but is very beneficial for companies with the phenomenon of *tax avoidance.* With the occurrence that many companies do to avoid taxes to the government and the state by shrinking tax payments.

Method

Types of Research

This type of research is causal associative research that aims to determine the influence between the variables *of sales growth* , profit management, and *capital intensity* on *tax avoidance* as a dependent variable

Population and Sample

The population of this study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) as many as 195 companies. In this study, samples were taken using *non-probability sampling* using the *purposive samppling method. Purposive sampling* is carried out by taking samples based on certain criteria with the aim of providing maximum information (Bahri, 2018). The sample selection criteria are as follows:

1. A manufacturing company listed on the Indonesia Stock Exchange in 2021.
2. Manufacturing companies that present financial statements for the 2021 period.
3. A manufacturing company that presents financial statements denominated in rupiah.
4. Manufacturing companies that reported corporate profits in 2021.

Based on the criteria and sample selection procedures obtained as many as 91 manufacturing companies that were the samples of this study.

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

Data Types and Sources

The type of data in the study is quantitative data in the form of numbers or numbers. The data is an annual report of manufacturing companies listed du IDX for the 2021 period. The source of this research data is secondary data (*cross section)* which aims to determine the impact of *sales growth,* profit management, and *capital intensity* towards *tax avoidance.*

Operational Definition

Defoperational initiation of variables is a description of the indicators of each variable and can be described in the form of a table or narrative (Bahri, 2018).

1. *Tax avoidance*

   Dependent (bound) variables are variables whose existence is known or becomes a result, due to the existence of free variables (Bahri, 2018). The dependent variables of the study are *tax avoidance* formulated with a *cash effective tax rate (*CETR), namely:

   $$CETR = \frac{Pembayaran\ Pajak}{Laba\ Sebelum\ Pajak} \quad \text{-------------------------------------} 1$$

2. *Sales growth*

   Sales growth is the level of growth in sales of a company from year to year so that it can reflect the prospects and profitability of a company in the future (Rahmi et al., 2020). The formula used to calculate *sales growth* is as follows:

   $$Sales\ Growth_t = \frac{Penjualan\ Periode_t - Penjualan\ Periode_{t-1}}{Penjualan\ Periode_{t-1}}$$

   $$\text{-------------------------------------} 2$$

3. Profit management

   Profit management is accidental or manipulation of profits in financial statements in order to get more profit (Fathoni & Indrianto, 2021). Profit management can be calculated using the following formula:

   $$ML = \frac{akrual\ modal\ kerja}{penjualan} \quad \text{-------------------------------------} 3$$

4. Capital Intensity
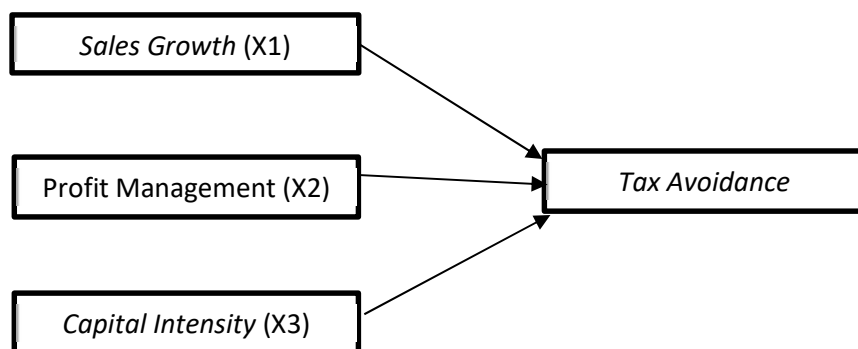
   The capital intensity ratio is proxied using the ratio of the intensity of fixed assets. The fixed asset intensity ratio is how much a company invests its assets in fixed assets (Widya et al., 2020). *Capital intensity* can be calculated using the following formula:

   $$Rasio\ Intensitas\ Asset\ Tetap = \frac{Aset\ Tetap}{Total\ Aset} \text{-------------------------------------} 4$$

Figure 1 Conceptual Framework

Data Analysis Techniques and Hypothesis Testing

In this study, it used classical assumption tests, namely normality tests, multicollinearity tests, heterochedasticity tests, and correlation tests. In addition to using classical assumption tests, it also uses multiple regression analysis techniques, coefficient of determination test and hypothesis test.

Data Normality Test

The approach used to test the normality of the data, namely the One-Sample-Kolmogorov-Smirnov test method. Decision-making guidelines:

1. The value of sig < 0.05, the distribution is abnormal.
2. Sig value > 0.05, the distribution is normal.

Multicollinearity Test

In the multicollinearity test, youcan find out a regression model whether it experiences symptoms of multicollinearity can be seen in the value of the variance inflation factor (VIF). The result of calculating the value of VIF < 10, then the regression model is said to be good and there are no symptoms of multicollinearity.

Heteroskedasticity Test

Heteroskedasticity was tested using spearman's rho method. Spearman's rho correlation is to correlate independent variables with their residuals. The test used a significant rate of 0.05 with a 2-sided test. If the correlation between independent and racial variables has a significant level of more than 0.05 then it is said that heteroskedasticity does not occur.

Autocorrelation Test

A tool used to test autocorrelations by using a run test. The test criteria are significant values < 0.05 autorelation occurs and when a significant value > 0.05 then no autocorrelation occurs.

Multiple Regression Analysis

Multiple Linear Regression hypothesis testing is used to find out how free variables affect bound variables. Hypothesis testing of the study usinga multiple re gresi model. Statistical test of multiple regression by using

Model : $Y = a + \beta1X1 + \beta2X2 + \beta3X3 + e$. ....(5)

Coefficient of Determination Test

The degree of regression accuracy is expressed in the coefficient of compound determination (R2) whose value is between 0 to 1. A value close to 1 means that the independent variable provides almost all the information needed to predict the variation of the independent variable

Hypothesis Test

Uji t is used for hypothesis testing the influence of individual independent variables on dependent variables.

Result

Tabel 1. Kolmogorov-Smirnov one Sample test

		Unstandardized Residual
N		91
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.11979559
Most Extreme Differences	Absolute	.067
	Positive	.067
	Negative	-.046
Test Statistic		.067
Asymp. Sig. (2-tailed)		.200[c,d]

Test the normality of the data using the Kolmogorov-Smirnov one Sample test. Based on the table one Sample Kolmogorov-Smirnov/Test statistic of 0.067 with a signification rate of 0.200. The significance value of 0.200 > 0.05, it can be concluded that the residual data are normally distributed and can meet the assumption of normality.

Tabel 2 Multicollinearity Test

	Collinearity Statistics	
Model	Tolerance	VIF
1 (Constant)		
SalesGrowth	.926	1.079
ManajemenLaba	.921	1.085
CapitalIntensity	.874	1.144

The results of the multicollinearity test showed the VIF value of the *Sales Growth* variable of 1.079, the Profit Management variable of 1.085 and the Capital Intensity variable of 1.144.

THE EFFECT OF BONDHOLDERS-SHAREHOLDERS CONFLICT, COMPANY SIZE, AND CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM

The three variables have a VIF value of less than 10 so it can be concluded that there is no multicollinearity between independent variables.

Tabel 3 Heteroskedasticity Test

		SalesGrowth	ManajemenLaba	CapitalIntensity	Unstandardized Residual
Spearman's rho	Correlation Coefficient	1.000	-.117	-.285**	-.020
	Sig. (2-tailed)	.853	.521	.774	.
	N	91	91	91	91

**. Correlation is significant at the 0.01 level (2-tailed).

The results of the corelation between the *variables sales growth*, Profit Management, *capital intensity* with unstandardized residual values have a Significance of Sig.(2-tailed) more than 0.05 so that it can be concluded that heteroskedasticity does not occur

Tabel 4 Autocorrelation Tests

	Unstandardized Residual
Test Value[a]	-.01693
Cases < Test Value	45
Cases >= Test Value	46
Total Cases	91
Number of Runs	53
Z	1.372
Asymp. Sig. (2-tailed)	.170
a. Median	

The results of the run test showed that the significance value of 0.170 > 0.05, it can be concluded that there is no autocorrelation.

Tabel 5 Uji Koefisien Determinasi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.271[a]	.074	.042	.12184

Based on the table obtained the figure R^2 0.042 or 4.2%. This shows that *sales growth,* profit management, *capital intensity* have an influence on *tax avoidance* by 4.2% while the remaining 95.8% is influenced by other variables that are not included in this study.

Tabel 6 Multiple Regression Analysis and Hypothesis Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.305	.041		7.400	.000
	SalesGrowth	-.131	.082	-.170	-1.586	.116
	ManajemenLaba	-.106	.064	-.178	-1.654	.102
	CapitalIntensity	-.125	.058	-.240	-2.179	.032

The multiple linear equation is as follows : Tax Avoidance = 0.305 + (-0.131) sales growth + (-0.106) profit management + (-0.125) capital intensity. Hasil t table found 1,987 and the conclusion of the t test is as follows :

1. *Variable Sales Growth*
   The$_{calculated}$ t value of 1.586 < 1.987 t$_{table}$ with a significance value of 0.116 > 0.05. This value shows that *Sales Growth has a* negative effect on *Tax Avoidance*
2. Variable Profit Management
   The$_{calculated}$ t value of 1.654 < 1.987 t$_{table}$ with a significance value of 0.102 > 0.05. This value indicates that Profit Management has no effect on *Tax Avoidance.*
3. *Variable Capital Intensity*
   The$_{calculated}$ t value of 2.179 > 1.987 t table with a significance value of 0.032 < 0.05. This value shows that *Capital Intensity* affects *Tax Avoidance*

Discussion

Judging from the results of the study, it can be seen that the first variable *of sales growth* has a negative effect on *tax avoidance* so that the first hypothesis is rejected. This is in line with research (Masrullah et al., 2018) which states that *sales growth* has no effect on *tax avoidance* and is contrary to research (Pratiwi et al., 2020) which states that *sales growth* affects *tax avoidance.* In general, every company definitely wants a large profit or profit from its operational activities or in other words the company does not want losses so that *pricipal gives* the task to *the agent* to manage the profit obtained from the sale. *Good sales growth* in the company will cause the size of the company to be large, where the larger the size of the company will cause the total assets of the company to be larger, so that the company must maintain the image and reoutation of the company in the eyes of the public, finally the company will comply with taxes the company is growing its sales besert done efficiently it will get large profits therefore there is no need to do tax avoidance.

The second variable of this study is profit management, the results of data analysis state that profit management has no effect on *tax avoidance* so that the second hypothesis is rejected. This is supported by research (Pratiwi et al., 2020) which states that profit management has no effect on *tax avoidance* and is contrary to research (Darma et al., 2018) which states that

profit management has a positive effect on *tax avoidance*. Managers will use their considerations in financial reporting and transaction structures to amend financial statements with the aim of misleading stakeholders. Management will report profits according to its goal of using accounting options to reduce profits or income desreasing as a form of tax avoidance.

The third variable of this study is *capital intensity,* the results of data analysis state that *capital intensity* has a positive effect on *tax avoidance*, this is because the greater the *capital intensity* owned by the company, the greater the company does tax avoidance, because companies that have fixed assets will become a depreciation expense or depreciation expense which can be a profit reduction before taxes. So in such a way the company will take advantage of fixed assets to minimize the tax burden by investing fixed assets in the company. The logic of the theory is supported by the results of research from (Darma et al., 2018), (Darma et al., 2018) which states that *capital intensity affects tax avoidance* but is contrary to research (Anasta, 2021) which states that *capital intensity* has no effect on *tax avoidance*.

Conclusion

This study shows the results that *capital intensity* has a positive effect on *tax avoidance*, while *sales growth* and profit management do not have an impacton *tax avoidance* in manufacturing companies listed on the IDX for the 2021 period. In this study, it is hoped that the government should be able to correct the current tax loopholes so that later the tax target received by the government can be achieved. The theoretical benefit of this research is that it can be used as a source of research and subsequently become a source of information and a means of science for the community. This study has limitations on only using 2021 so the number of samples is limited and the empirical test is less accurate. In addition, the study only used three *variables of sales growth,* profit management, *capital intensity* only had an influence of 4.2% while the remaining 95.8% was influenced by other variables that were not included in this study. Suggestions can be given for further research, which is expected to add and expand the object of research and increase the period of research so that the empirical carried out is higher and more accurate. In addition, you can look for other more complete data sources regarding *tax avoidance disclosures.*

Reference

Alfarizi, Renal Ijlal, Ratna Hindria Dyah Pita Sari, And Ayunita Ajengtiyas. 2021. "Pengaruh Profitabilitas, Transfer Pricing, Dan Manajemen Laba Terhadap Tax Avoidance." *Jurnal Review Akuntansi* 2(1):898–917.

Anasta, Lawe. 2021. "Pengaruh Sales Growth, Profitabilitas Dan Capital Intensity Terhadap Tax Avoidance The Effect Of Sales Growth, Profitability And Capital Intensity For Tax Avoidance." *Jurnal Ilmiah Gema Ekonomi* 11(1):1803–11.

Bahri, Syaiful. 2018. *Metodologi Penelitian Bisnis Lengkap Dengan Teknik Pengolahan Data Spss*. Edited By E. Risanto. Yogjakarta: Penerbit Andi.

Darma, Rizky, Jayanthi Dwi Yuniarti Tjahjadi, And Dwi Susi Mulyani. 2018. "Pengaruh Manajemen Laba, Good Corporate Governance, Dan Risiko Perusahaan Terhadap Tax Avoidance."

Fathoni, Muhammad, And Erwin Indrianto. 2021. "Pengaruh Leverage, Sales Growth, Dan Manajemen Laba Terhadap Tax Avoidance Pada Perusahaan Manufaktur Sektor Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia." *Jurnal Ilmu Akuntansi* 19(1):70–87.

Fatimah, Anissah Naim, Siti Nurlaela, And Purnama Siddi. 2021. "Pengaruh Company Size, Profitabilitas, Leverage, Capital Intensity Dan Likuiditas Terhadap Tax Avoidance Pada Perusahaan Makanan Dan Minuman Yang Terdaftar Di Bei Tahun 2015-2019." *Ekombis Review: Jurnal Ilmiah Ekonomi Dan Bisnis* 9(1):107–18. Doi: 10.37676/Ekombis.V9i1.1269.

Kalbuana, Nawang, Rinosa Ari Widagdo, And Devia Rahma Yanti. 2020. "Pengaruh Capital Intensity, Ukuran Perusahaan, Dan Leverage Terhadap Tax Avoidance Pada Perusahaan Yang Terdaftar Di Jakarta Islamic Index." *Jurnal Riset Akuntansi Politala* 3(2):46–59. Doi: 10.34128/Jra.V3i2.56.

Marlinda, Dian Eva, Kartika Hendra Titisari, And Endang Masitoh. 2020. "Pengaruh Gcg, Profitabilitas, Capital Intensity, Dan Ukuran Perusahaan Terhadap Tax Avoidance." *Ekonomis: Journal Of Economics And Business* 4(1):39. Doi: 10.33087/Ekonomis.V4i1.86.

Masrullah, Mursalim, And Muhammad Su'un. 2018. "Pengaruh Kepemilikan Institusional, Komisaris Independen, Leverage Dan Sales Growth Terhadap Tax Avoidance Pada Perusahaan Manufaktur Di Bursa Efek Indonesia Masrullah1." 16(2):142–65.

Pamungkas, Dhimas Adityarahman Pamungkasdhimas Adityarahman. 2020. "Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, Dan Sales Growth Terhadap Tax Avoidance Pada Perusahaan Manufaktur Yang Terdaftar Di Bei Tahun 2015-2018." *Skripsi-2020* 2(1):202–11.

Pratiwi, Ni Putu Devi, I. Nyoman Kusuma Adnyana Mahaputra, And I. Made Sudiartana. 2020. "Pengaruh Financial Distress, Leverage Dan Sales Growth Terhadap Tax Avoidance Pada Perusahaan Manufaktur Yang Terdaftar Di Bei Tahun 2016." *Jurnal Kharisma* 2(1):202–11.

Rahmi, Namira Ufrida, Desika Nur'saadah, And Freddy -. 2020. "Pengaruh Corporate Risk, Leverage Dan Sales Growth Terhadap Tax Avoidance Pada Perusahaan Sektor Pertambangan." *Jurnal Ekonomi Bisnis Manajemen Prima* 1(2):98–110. Doi: 10.34012/Jebim.V1i2.885.

Widya, Anisya, Eka Yulianti, Masita Oktapiani, Miftahul Jannah, And Eka Risma Prasetya. 2020. "Pengaruh Capital Intensity Dan Inventory Intensity Terhadap Tax Avoidance." *E-Jurnal Universitas Pamulang* 1(1):89–99.

THE EFFECT OF COMPENSATION AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT PT BERSAMA MAKMUR RAHARJA

Muhamad Farid Ramadhan

Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Teguh Widodo

Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Email Correspondence: ramadhan95.rd@gmail.com

ABSTRACT

This study conducted to determine the impact of compensation and work environment on employee performance at PT. Bersama Makmur Raharja, with the formulation of the problem whether compensation and work environment affect employee performance at PT. Bersama Makmur Raharja. This study aimed to determine the effect of compensation and work environment on employee performance at PT. Bersama Makmur Raharja. The sample tested was 30 respondents and the test results showed that each variable, namely compensation and work environment can have a significant effect on employee performance at PT. Bersama Makmur Raharja.

KEYWORDS : Compensation, Work Environment and Employee Performance

Introduction

According to Dwianto and Purnamasari (2019), employee performance is influenced by compensation. Compensation is all income in the form of money or goods received directly from the company to its employees, for services rendered to the company (Hasibuan, 2019). According to Darmadi (2020), employee performance is also influenced by the work environment. According to Sedarmayanti (2014), the work environment is the overall tools and materials encountered, the environment in which a person works, his work methods, and work arrangements both as individuals and as groups. The work environment is considered to be able to influence employees in completing their work. A conducive environment can make employees feel comfortable, so they can work optimally.

One of the automotive companies currently working on improving employee performance is PT. Bersama Makmur Raharja Malang City branch which located at St. West Candi Mendut Block C No 27, Malang City, East Java. Employee performance at PT. Bersama Makmur Raharja Malang can be said to be quite optimal. But the performance of employees had experienced an increase or decrease in performance. This can be seen from the sales data of PT. Bersama Makmur Raharja experienced an increase or decrease in conditions until mid-2022. The decline in employee performance could be caused by compensation from the company. Since the Covid-19 pandemic, PT. Bersama Makmur Raharja, they do not provide annual salary increases to their employees. In addition, the sales bonus given is also reduced. In addition to compensation, there are also problems in the work environment, namely the office occupied by the work area is relatively narrow with about 8 employees for each division. Plus the distance between the desks of each employee is also too close. This condition makes some employees feel uncomfortable to work.

Method

The type of research is quantitative research, research with details presented in a systematic, well-planned, and structured, conducted by collecting various information needed and then proceeding with processing and analysis to summarize the situation and problems. The population in this study were workers and consumers of PT. Bersama Makmur Raharja Malang, the number was unknown. The determination of the sample in this study based on the theory of Roscoe (1975) in Sugiyono's research (2014) which states that the sample size selected in this study is between thirty to five hundred elements and the alternative population that has been studied using an accidental sampling technique. Accidental sampling was used as a sample based on a sudden meeting with the researcher and can be used as a sample if it is considered feasible to be used as a data source (Notoatmodjo, 2010). In this research, the researcher determined two types of variables, namely the independent variable and the dependent variable. Independent Variable: Compensation and Work Environment, while Dependent Variable: Employee Performance.

THE EFFECT OF COMPENSATION AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT PT BERSAMA MAKMUR RAHARJA

The data collection conducted by distribute questionnaires in the form of google forms to the respondents by providing several information or questions to consumers or respondents. The method used in this study was a description of the questionnaire answers that have been distributed to consumers at PT. Bersama Makmur Raharja, the results obtained used descriptive analysis methods to summarize data from respondents. There are various tests in this study, namely: Data Instrument Test, Classical Assumption Test, Model Feasibility Test, and Hypothesis Test. In data processing, researchers used the IBM SPSS (Statistical Package for Social Sciences) program, aimed to know the influence and relationship between variables.

Result

Table 1. Validity Test Results

Item	R-Count	R-table	Sig.(2-tailed	A	Conclusion
X1.1	0,057	0.361	0,000	0.05	Valid
X1.2	0.658	0.361	0,000	0.05	Valid
X1.3	0.545	0.361	0,000	0.05	Valid
X1.4	0.495	0.361	0,000	0.05	Valid
X2.1	0.733	0.361	0,000	0.05	Valid
X2.2	0.364	0.361	0,000	0.05	Valid
X2.3	0.643	0.361	0,000	0.05	Valid
Y.1	0.840	0.361	0,000	0.05	Valid
Y.2	0.373	0.361	0,000	0.05	Valid
Y.3	0.442	0.361	0,000	0.05	Valid
Y.4	0.624	0.361	0,000	0.05	Valid
Y.5	0.542	0.361	0,000	0.05	Valid

Source: Processed IBM SPSS 22 (2022)

The research instrument can be said to be valid if the value of sig. (2-tailed) for each total variable is smaller than the research significance level (Sig. (2-tailed) < = 0.05). Based on the results of the validity test which states that all items measuring the research variables have an R-count that was greater than the R-Table, and the value of Sig.2 (0.000 <0.05), it can be seen that the research instrument is a questionnaire used to measure compensation and work environment on employee performance is valid.

Table 2. Reliability Test

Item	Cronbach's Alpha	R-Table	Conclusion
X1	0.743	0.361	Reliabel
X2	0.743	0.361	Reliabel
Y	0.743	0.361	Reliabel

Source: Processed IBM SPSS 22 (2022)

The research instrument can be said to be reliable if the Cronbach's Alpha value was greater than 0.361. Based on the results of the reliability test, stated that the Cronbach's Alpha value of each item that measures the research variable was greater than 0.361. The result showed that the research instrument is a questionnaire used to measure compensation and work

environment on employee performance at PT. Bersama Makmur Raharja and the results is reliable.

Table 3. Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Predicted Value
N		30
Normal Parameters[a,b]	Mean	19,9000000
	Std. Deviation	1,23133965
Most Extreme Differences	Absolute	0,132
	Positive	0,132
	Negative	-0,099
Test Statistic		0,132
Asymp. Sig. (2-tailed)		0.191[c]

Source: Processed IBM SPSS 22 (2022)

Based on the Kolmogorov-Smirnov test, a significant Asymp value was 0.191 and concluded that the value was greater than 0.05 (0.191 > 0.05) so that the residual value is normal.

Table 4. Multikoliniearitas Test

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2,041	2,551		0,800	0,431		
	X1	0,383	0,165	0,291	2,318	0,028	0,756	1,323
	X2	0,972	0,190	0,641	5,116	0,000	0,756	1,323

Source: Processed IBM SPSS 22 (2022)

The test results above concluded that there is no multicollinearity between the independent variables because from all the VIF results the independent variable was more than 10, and the tolerance value was more than 0.1.

Table 5. Heteroskedastisitas Test

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,654	1,759		0,372	0,713
	X1	0,028	0,114	0,055	0,250	0,804
	X2	-0,044	0,131	-0,075	-0,339	0,737

Source: Processed IBM SPSS 22 (2022)

From the test results above, it showed that the sig value for the variable Compensation (X1), Work Environment (X2) > 0.05 so it can be concluded that there are no symptoms of heteroscedasticity.

THE EFFECT OF COMPENSATION AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT PT BERSAMA MAKMUR RAHARJA

Model Feasibility Test

Table 6. Determination Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.824a	0.680	0.656	0.87624

Source: Processed IBM SPSS 22 (2022)

Obtained an R Square value of 0.680 which indicated that there is an influence between the coefficient of the variable X on Y which equal to 68%.

Table 7. F Test

ANOVAª					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	43,970	2	21,985	28,634	0.000ᵇ
1 Residual	20,730	27	0,768		
Total	64,700	29			

Source: Processed IBM SPSS 22 (2022)

Based on the data in table 4, it can be seen that the calculated F value was 28,634 with a Sig value. 0.000. While the F-table value for the significance value or a = 0.05 was 3.340. Because the value of F-count > F-table (28,634 > 3,340) and Sig. < (0.000 < 0.05), this means that the formed regression model meets the goodness of fit model or the regression model that formed is feasible and can be used to predict purchasing decisions at PT. Bersama Makmur Raharja.

Table 8. Regression Model Formation

Coefficientsª					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,041	2,551		0,800	0,431
1 X1	0,383	0,165	0,291	2,318	0,028
X2	0,972	0,190	0,641	5,116	0,000

Source: Processed IBM SPSS 22 (2022)

Based on the B value, a multiple linear regression model can be formed as follows:

Y = 2,041 + 0,383X1 + 0,972X2 ⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯ 1

Based on the results of the regression model formed, it can be seen that the regression constant has a positive value of 2.041, which means that without X1 (compensation), X2 (work environment), consumers who become research respondents already have purchasing decisions. The regression coefficient on X1 (compensation) was positive at 0.383. This means that the higher the compensation, the higher the performance. And for every 1 increase in compensation, it will increase employee performance by 0.383 units. The regression coefficient on X2 (work environment) was positive at 0.972. This means that the better the

work environment, the higher the employee's performance. And for every 1 increase in the work environment will increase employee performance by 0.972 units.

Table 9. T Test

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Model	B	Std. Error	Beta		
	(Constant)	2,041	2,551		,800	,431
1	X1	,383	,165	,291	2,318	,028
	X2	,972	,190	,641	5,116	,000

Coefficients^a

Source: Processed IBM SPSS 22 (2022)

X1,X2 affect Y

H1 : The compensation variable with the t-count was 2.318 on employee performance (Y) and was significant at 0.028. As indicated by t-count 2.318 > t-table 0.683 with a value of 0.05, so Ho rejected and Ha accepted or it concluded that the compensation variable has a positive and significant effect on employee performance.

H2 : The work environment variable with the t-count was 5.116 on employee performance (Y) and was significant at 0.000. Or indicated by t-count 5.116 > t-table 0.683 with a value of 0.05. so Ho rejected and Ha accepted or it concluded that the work environment variable has a positive and significant effect on employee performance.

Discussion

The Effect of Compensation on Employee Performance at PT. Bersama Makmur Raharja

Based on the results of the research above, the effect of compensation on employee performance was obtained t-count 2.318 > t-table 0.683, it can be said that compensation has a positive and significant effect on employee performance. This showed that what has been given by PT. Bersama Makmur Raharja to the employees were sufficient and accordance with their expectations, if the compensation provided by the company is good, the employee's performance will increase and lead to increased services. According to the results of previous research conducted by Fery Setiawan & Kartika Dewi (2014) with research on the Effect of Compensation and Work Environment on Employee Performance at CV. Berkat Anugrah where compensation and work environment has a positive and significant impact on employee performance.

The Effect of Work Environment on Employee Performance at PT. Bersama Makmur Raharja

Based on the results of the research above, the effect of the work environment on employee performance was obtained t-count 5.116 > t-table 0.683, it can be said that the work environment has a positive and significant effect on employee performance. This showed that

what has been given by PT. Bersama Makmur Raharja to the employees were sufficient and accordance with their expectations, if the compensation provided by the company is good, the employee's performance will increase and lead to increased services. According to the results of previous research conducted by Fery Setiawan & Kartika Dewi (2014) with research on the Effect of Compensation and Work Environment on Employee Performance at CV. Berkat Anugrah where compensation and work environment has a positive and significant impact on employee performance.

Conclusion

From the results and discussion in this study, it can be concluded that Compensation as a Variable (X1), and Work Environment as a Variable (X2) are known to have a positive and significant effect on Employee Performance as a Variable (Y) at PT. Bersama Makmur Raharja. Based on the results of this study, the more compensation given to employees, the better the employee's performance, and the more comfortable the work environment, the easier it will be for employees to do their work which results in improved service. And the limitations faced by researchers in this study were when collecting data through questionnaires to respondents because at this stage sometimes respondents did not fill out the link that had been given.

References

Dwianto, Agung Surya, Purnamasari, Pupung. 2019. "Pengaruh Kompensasi Terhadap Kinerja Karyawan Pada PT. JAEIL INDONESIA". *Jurnal Ekonomi & Ekonomi Syariah*, 2(2): 209-223. 10.36778/jesya.v2i2.74

Hasibuan, Malayu Sp. 2019. Manajemen SDM. revisi. Jakarta: Bumi Aksara.

Notoatmodjo. 2010. "Pengertian Accidental Sampling Dalam Buku Metodologi Penelitian Kesehatan Sumber : Unsplash/Williamlven".

Sedarmayanti. 2014. Manajemen Sumber Daya Manusia. Bandung: Refika Aditama.

Setiawan, F., & Dewi, A. S. K. 2014. "Pengaruh kompensasi dan lingkungan kerja terhadap kinerja karyawan pada CV. Berkat Anugrah (Doctoral dissertation, Udayana University)".

DIGITAL ENTREPRENEURSHIP ADOPTION AMONG THE SMALL AND MEDIUM-SIZED ENTERPRISES IN MALAYSIA

Azizee Aziz

Digital Entrepreneurship, Politeknik Tuanku Syed Sirajuddin, Malaysia

Mathivannan Jaganathan

Digital Entrepreneurship & Technology Management, Universiti Utara Malaysia, Malaysia

Shamsul Huda Abd.Rani

Entrepreneurship Education & Social Entrepreneurship, Universiti Utara Malaysia, Malaysia

Email Correspondence: azizeehjaziz@gmail.com

ABSTRACT

The development of entrepreneurship in Malaysia has received the government's support over the past two decades by taking long-term measures to promote it, including world-class infrastructure and various financial incentives. Today, digitalization in entrepreneurship has helped improve economic development and change the Malaysian economic scenario based on digital. Adopting innovation during this transition to a new economy will equip entrepreneurs for digital transformation. Based on this scenario, strengthening the digitalization of the economy is essential for Small and Medium Sized Enterprises (SMEs). A Digital Entrepreneurship plan is one of the most dynamic methods to change and develop society. It closely relates to private sector development, SME policy, job creation, innovation, and competitiveness. Malaysia needs to see entrepreneurship as an essential component in the viability and competitiveness of the country's economy. Government support has implemented various initiatives and programs to address the unique needs of SMEs and entrepreneurs by providing financial assistance, human capital development, and market access assistance. A study on the use of digital entrepreneurship among SMEs needs to be conducted and, based on the geopolitical impact of the COVID-19 pandemic, may create a new economic model today. In today's SME business, sustainable entrepreneurship is led by an entrepreneur who practices sustainable management through innovation and value creation. The summary of these findings will show that this study is relevant for future studies and can be used as a literature reference in future research

KEYWORDS: Digital Entrepreneurship, Entrepreneurship, Digital Economy, Small Medium Enterprise, and Government Support

Introduction

Malaysia's digital economy or MyDigital development aligns with the *Wawasan Kemakmuran Bersama 2030* (WKB 2030) and Twelfth Malaysia Plan (RMKe-12), aiming to provide fair and equitable economic growth among all walks of life by 2030. Therefore, the Malaysian Digital Economy Blueprint has been tabled, fully exploiting the economic potential. For inclusive, responsible, and sustainable socio-economic development. The digital economy is one of the Key Economic Growth Activities in WKB 2030, and Malaysia aims to drive its growth (Economic Planning Unit, 2021). The Malaysia Digital Economy Blueprint 2021 was introduced to benefit the community, businesses, and government. Many ministries and organizations have attempted to integrate digitalization into their strategic plans. More must be done to keep the country abreast of change, especially regarding technical advances, labor market needs, business model innovation, and changing public expectations.

The government's long-standing commitment to utilizing the potential of technology for national transformation began in 1996, emphasizing a knowledge-based society and the effective use of information and communication technology (ICT). The Multimedia Super Corridor's (MSC) establishment is the first step in this transformation journey. The MSC established high-tech business zones and special economic zones to transform Malaysia into a developed country by 2020. Since then, the government has implemented various policies and measures to accelerate Malaysia's technological and digital transformation. Based on these scenarios, it is clear that an entrepreneur needs to be prepared to face the changing economic landscape that requires skills and knowledge in this digital technology. This has led to new business settings, new thinking, new techniques, new rules, new concepts, and sweeping changes in so many ways that it has become difficult for managers, politicians, and academics to keep up with these new "global businesses" (Murthy et al., 2021).

Method

Digital Entrepreneurship Adoption

Over the last two decades, digital entrepreneurship has expanded entrepreneurial opportunities and transformed the inherent uncertainty of the business world into entrepreneurial processes and outcomes (Nambisan, 2017). Digital entrepreneurship, described as seeking "new business prospects given by new media and internet technology," is gaining international attention (Davidson and Vaast, 2010; Ngoasong, 2018). Digital entrepreneurship identifies and pursues entrepreneurial opportunities by developing digital artifacts, platforms, and infrastructures that enable services via technology (Giones and Brem, 2017; Samara and Terzian, 2021). According to Sahut et al. (2021a), it is the process by which entrepreneurs create digital value by applying various socio-technical digital enablers that facilitate the effective acquisition, processing, distribution, and use of digital information.

DIGITAL ENTREPRENEURSHIP ADOPTION AMONG THE SMALL AND MEDIUM-SIZED ENTERPRISES IN MALAYSIA

Endres et al. (2022) and Varotsis (2022) argue that transforming new ideas, inventions, and business processes into market value is a defining characteristic of digital entrepreneurship. Digital entrepreneurship also encompasses all activities related to establishing businesses that generate income through digital means and technology, and electronic networks (Varotsis, 2022).

European Commission (2015), in a report on the Strategic Policy Forum on Digital Entrepreneurship, concluded that digital entrepreneurship encompasses new business startups and the transformation of existing businesses. This situation will drive economic and social value by creating and using new digital technologies. New digital technologies, including mobile applications, social media, cloud computing, big data analytics, and the internet of things, are being utilized to improve digital business operations. It also aims to create new business models, strengthen business intelligence and engage with customers and stakeholders. Next, create jobs and future growth.

The Digital Entrepreneurship plan is one of the most dynamic methods to transform and develop society. It is closely linked to private sector development, Small and Medium Sized Enterprise (SME) policy, job creation, innovation, and competitiveness. Malaysia needs to see entrepreneurship as an essential component of the country's economic viability and competitiveness. Based on the above discussion, reviewing the Digital Entrepreneurship policies and programs is critical to understanding the barriers to SMEs in Malaysia. In the RMKe-12 in 2021-2025, the government still places digitalization as the primary strategy to intensify the digital economy. The RMKe-12 is also a medium and long-term economic recovery plan to address the effects of the COVID-19 pandemic. COVID-19 has become like a storm in 2020 and 2021, causing technology advances to scale up and boosting digital entrepreneurship in many parts of the world to meet various challenges (Iivari et al., 2020; Secundo et al., 2021; Modgil et al., 2022). Thus, the study of digital entrepreneurship adoption is significant and needs to be given attention nowadays. The impetus of this study will also contribute to a more profound knowledge of digital entrepreneurship as a diversity of transdisciplinary and systems science approaches in the management field (Satalkina and Steiner, 2020). Much of the literature on digitalization and its impact is related to management and marketing information systems but not the business, especially digital entrepreneurship (Sussan and Acs, 2017). Based on this discussion, it is clear that "digital entrepreneurship" is an essential foundation of this study, adding to the literature and appropriateness of its first emergence in the 2000s (Ben Saad and Choura, 2022).

Small and Medium Sized Enterprise in Malaysia

Malaysian enterprises contributed RM167.4 billion towards export value in 2017 (17.3% of total export value). Most of these export values came from three main sectors: services (50.4%), manufacturing (47.2%), and agriculture (2.4%). This number is increasing every year, and SMEs in Malaysia have contributed 98.5% of total business growth in the country (MEDEC, 2020). According to the statistics, SMEs account for 38.9% of GDP and 48.4% of the

employment year 2019 (National Entrepreneur and SME Development Council, 2020). Based on the findings of Productivity and Investment Climate Surveys by the World Bank (SME Corp. Malaysia, 2012), the factors of the adoption of innovation and technology are among those that influence the performance of Malaysian SMEs. At the firm level, the growing digital economy in developing countries does not automatically lead to expanding opportunities for local digital firms (Foster et al., 2018). However, the government's support and encouragement are essential in helping SMEs in Malaysia continue to grow.

The 14th National SME Development Council (NSDC) meeting in July 2013 defined Small and Medium Sized Enterprises and came into use on 1 January 2014 due to the review's feedback. The endorsement has been adopted across ministries and agencies, financial institutions, and regulators involved in SME development programs. The concept covers all industries, including services, manufacturing, agriculture, construction, mining & quarrying, and agriculture. This situation is due to many economic developments since 2005, such as price inflation, structural changes, and changes in business trends (SME Corp. Malaysia, 2022). According to SME Corp. Malaysia (2020), there are three (3) conditions to determine the classification of SME eligibility criteria: Qualifying Criteria, Type of Establishment, and Shareholding Structure.

Result

The conclusion is clear that understanding the definition of SMEs in Malaysia is very important based on three main conditions: Qualifying Criteria, Types of Establishment, and Shareholding Structure determined by SME Corporation Malaysia. The detailed definition according to the categories of micro, small, and medium can be illustrated in Figure 1 as follows:

Figure 1 Micro, Small, and Medium Enterprises (MSMEs) by Size in Malaysia

Sources: SME Corp. Malaysia, 2022

SMEs are an evolving and dynamic population. Their composition varies significantly across countries and industries, which affects their capacity to thrive and contribute to an open and digitalized economy. Based on the latest data in the Malaysian Statistical Business Register (MSBR) released by the Department of Statistics Malaysia (DOSM), the total number of small

and medium enterprises in Malaysia in June 2022 was 1,253,272 of the total SME business establishments. This is shown in Table 1, statistics of the number of establishments by SMEs since 2018.   This indicates that the number of SMEs has increased yearly in the last five years. Until June 2022, micro businesses will contribute the most to the number of companies at 77.31%, followed by small, medium, and large companies.

Table 1 Statistics of the Number of SMEs by Category in 2018 – June 2022

Category	2018	2019	2020	2021	June 2022
Large	31,009	32,237	32,669	32,269	31,783
Medium	17,539	18,593	18,289	19,459	19,397
Small	232,083	237,321	229,876	242,540	233,149
Micro	900,213	925,717	903,174	964,495	968,943
Total	1,180,844	1,213,868	1,184,008	1,258,763	1,253,272

Sources: Malaysia Statistical Business Register, Department of Statistic Malaysia (DOSM), 2022

Table 2 also summarizes the statistics of the number of SMEs by sector/subsector within five years, finding that the service sector is the highest contributor with 45.17%, followed by the Wholesale & Retail Trade sector with 38.68%.   Next, the construction sector contributed 7.97% of businesses, the manufacturing sector 6.25% of companies, the agriculture sector 1.53%, and the mining and quarrying sector 3.76% in June 2022.

Table 2 Statistics of the Number of SMEs by Sector/Subsector in 2018 – June 2022

Sector/Subsector	2018	2019	2020	2021	June 2022
Services	519,119	559,214	539,478	596,286	566,110
Wholesale & Retail Trade	498,790	480,582	471,703	458,270	484,827
Construction	81,061	87.643	87,284	99,911	99,902
Manufacturing	59,665	61,044	61,217	74,390	78,440
Agriculture	18,940	21,381	20,644	25,134	19,271
Mining & Quarrying	3,269	4,004	3,682	4,772	4,722
Total	**1,180,844**	**1,213,868**	**1,184,008**	**1,258,763**	**1,253,272**

Sources: Malaysia Statistical Business Register, Department of Statistic Malaysia (DOSM), 2022

According to SME Insights 2019/20, the new branding of the SME Annual Report was released in March 2021 by SME Corp. Malaysia, Secretariat to the National Entrepreneur and SME Development Council (NESDC) states that SMEs in Malaysia have contributed to the national economy by 98.5% of all business establishments in 2015 and 38.3% of the Gross National Product (GDP) (National Entrepreneur and SME Development Council, 2020). With the high number of SME establishments in the country, the economic downturn will affect various sectors and the country's economic development. The COVID-19 pandemic has indeed threatened the financial well-being of citizens and businesses. That is why SMEs will continue to be competitive in the post-epidemic period by leveraging technology. In addition, this internet-based technology has enabled SMEs to grow their enterprises. Through ICT, such as

e-commerce, the internet has helped SMEs compete with larger enterprises (Jere and Ngidi, 2020)

Discussion

Issues and Challenges

Entrepreneurs generate business ideas that harness technology's potential in a world undergoing a continuous and radical transformation. Entrepreneurs can contact users through social media platforms and use artificial intelligence to track their impact and reach. A digital platform is a collection of standard and shared digital artifact sets that allow entrepreneurs to process production, marketing, and distribution (Samara and Terzian, 2021). Based on this situation, several issues and challenges exist in adopting digital entrepreneurship among SMEs. According to Gupta et al. (2021), digital technology is not always successful due to the severance of the link between strategy formulation and implementation. When digital technology is misused, it can result in disruptive changes that increase risk and uncertainty during the transformation process. Big data has become a critical domain of business technology that is gaining interest from various industries because of its potential to accelerate the transition to Sustainable Development (Gupta et al., 2021). Firms must adapt their organizational structures, client relationships, and business strategies to keep up with the data revolution.

The centralized digital platform ecosystem is operated by a sole proprietor, such as Facebook, Apple iOS, the SAP Cloud Platform, etc. Only the platform owner determines, establishes, and maintains the digital platform governance mechanism. This situation has changed, as Google 2019 has excluded compliments from their platform or limited collaboration with hardware partners (Hein et al., 2020). Google ranks first as a search engine with 270 million visitors from mobile and desktop. This shows that digital entrepreneurs must be more positive and prepared for evolving technological developments.

According to Soltanifar et al. (2021), digital platform business models present various challenges for entrepreneurs in developing and validating their platform business models. Most digital startup companies use a lean approach in the early stages, subsequently struggling to determine the minimum viable product through testing and design (Ghezzi and Cavallo, 2020). Small businesses' lack of resources is a challenge. The use of ICT to overcome some of these in seeking new market opportunities, such as diversification or internationalization. Findings show that digital potential can enhance these opportunities (Bowen and Morris, 2019).

By providing technical elements such as hardware or software devices, the capabilities of which can be extended through complementary modules and a set of rules, standards, and organizational processes to coordinate third parties and adapters, digital platforms are posing a challenge to traditional business propositions (McIntyre and Srinivasan, 2017; De Reuver et

al., 2018; Cenamor et al., 2019). For example, financial or non-financial incentives for employees engaged in meaningful creative data-based experimental and exploratory activities and internal collaboration of innovative data-based projects that require high risk and responsibility assumptions (Ciampi et al., 2021). Financial resources are also needed to ensure advertising activities on digital platforms, especially in digital marketing, to effectively obtain customer data in decision-making.

In the digital economy, the challenge of consolidating resources in business is paramount. Consolidation of organizational resources is by providing the interoperability and capability of two or more information systems or components to exchange information and also use information (Zatsarinnyy and Shabanov, 2019). This requirement requires an organizational commitment to effective planning. In particular, firms have struggled with digital technology for more than a decade, forcing changes in the industry and organizational operations, core procedures, competencies, and intellectual capital strategies (D'Ippolito et al., 2019)

Conclusion

The summary of these findings indicates that this study is highly relevant for future studies and can be used as a literature reference in future research. In current SME businesses, sustainable entrepreneurship is led by an entrepreneur who practices sustainable management through innovation and value creation (Gast et al., 2017; Kraus et al., 2018). While most entrepreneurial theories focus on identifying and exploiting economic possibilities, sustainable entrepreneurship transforms society to achieve environmental, social, and economic balance through a more outstanding sustainable entrepreneurial orientation (Cohen and Winn, 2007; Croitoru, 2012; Kraus et al., 2018). Resource and capability factors are identified as a firm's investment towards sustainability and a competitive advantage in improving business performance using digital entrepreneurship.

Reference

Ben Saad, S., & Choura, F. 2022. 'Effectiveness of virtual reality technologies in digital entrepreneurship: a comparative study of two types of virtual agents". *Journal of Research in Marketing and Entrepreneurship*, *ahead-of-p*(ahead-of-print). https://doi.org/10.1108/jrme-01-2021-0013.

Bowen, R., & Morris, W. 2019. "The digital divide: Implications for agribusiness and entrepreneurship. Lessons from Wales". *Journal of Rural Studies*, *72*: 75–84. https://doi.org/10.1016/j.jrurstud.2019.10.031.

Cenamor, J., Parida, V., & Wincent, J. 2019. "How entrepreneurial SMEs compete through digital platforms: The roles of digital platform capability, network capability, and ambidexterity". *Journal of Business Research*, *100*: 196–206. https://doi.org/10.1016/J.JBUSRES.2019.03.035.

Ciampi, F., Demi, S., Magrini, A., Marzi, G., & Papa, A. 2021. "Exploring the impact of big data analytics capabilities on business model innovation: The mediating role of entrepreneurial orientation". *Journal of Business Research*, *123*: 1–13. https://doi.org/10.1016/j.jbusres.2020.09.023.

Cohen, B., & Winn, M. I. 2007. "Market imperfections, opportunity, and sustainable entrepreneurship". *Journal of Business Venturing*, *22*(1): 29–49. https://doi.org/10.1016/J.JBUSVENT.2004.12.001.

Croitoru, A. (2012). Schumpeter, J.A. 2008. "The Theory of Economic Development: An Inquiry into Profit, Capital, Credit, Interest and the Business Cycle". *Journal of Comparative Research in Anthropology and Sociology, 3*(2): 137–148.

Davidson, E., & Vaast, E. 2010. "Digital entrepreneurship and its sociomaterial enactment". *Proceedings of the Annual Hawaii International Conference on System Sciences*. https://doi.org/10.1109/HICSS.2010.150.

De Reuver, M., Sørensen, C., & Basole, R. C. 2018. "The digital platform: A research agenda". *Journal of Information Technology*, *33*(2): 124–135. https://doi.org/10.1057/s41265-016-0033-3.

Economic Planning Unit. 2021. Malaysia Digital Economy Blueprint. *Economic Planning Unit Prime Minister's Department*, 104.

Endres, H., Huesig, S., & Pesch, R. 2022. "Digital innovation management for entrepreneurial ecosystems: services and functionalities as drivers of innovation management software adoption". *Springer*, *16*: 135–156. https://doi.org/https://doi.org/10.1007/s11846-021-00441-4.

European Commission. 2015. "*Transformation of European Industry and Enterprises: A report of the Strategic Policy Forum on Digital Entrepreneurship*".

Foster, C., Graham, M., Mann, L., Waema, T., & Friederici, N. 2018. "Digital Control in Value Chains: Challenges of Connectivity for East African Firms". *Economic Geography*, *94*(1): 68–86. https://doi.org/10.1080/00130095.2017.1350104.

Gast, J., Gundolf, K., & Cesinger, B. 2017. "Doing business in a green way: A systematic review of the ecological sustainability entrepreneurship literature and future research directions". *Journal of Cleaner Production*, *147*: 44–56. https://doi.org/10.1016/J.JCLEPRO.2017.01.065.

Ghezzi, A., & Cavallo, A. 2020. "Agile Business Model Innovation in Digital Entrepreneurship: Lean Startup Approaches". *Journal of Business Research*, *110*: 519–537. https://doi.org/10.1016/j.jbusres.2018.06.013.

Giones, F., & Brem, A. 2017. "Digital Technology Entrepreneurship: A Definition and Research Agenda". *Technology Innovation Management Review*, *7*(5): 44–51. https://doi.org/10.22215/timreview1076.

Gupta, S., Justy, T., Kamboj, S., Kumar, A., & Kristoffersen, E. 2021. "Big data and firm marketing performance: Findings from knowledge-based view". *Technological Forecasting and Social Change*, *171*. https://doi.org/10.1016/j.techfore.2021.120986.

Hein, A., Schreieck, M., Riasanow, T., Setzke, D. S. 2020. "Digital platform ecosystems". *Electronic Markets*, *30*(1): 87–98. https://doi.org/10.1007/S12525-019-00377-4.

Iivari, N., Sharma, S., & Ventä-Olkkonen, L. 2020. "Digital transformation of everyday life – How COVID-19 pandemic transformed the basic education of the young generation, and why information management research should care?". *International Journal of Information Management*, *55*. https://doi.org/10.1016/j.ijinfomgt.2020.102183.

Jere, J. N., & Ngidi, N. 2020. "A technology, organization, and environment framework analysis of information and communication technology adoption by small and medium enterprises in Pietermaritzburg". *SA Journal of Information Management*, *22*(1). https://doi.org/10.4102/SAJIM.V22I1.1166.

Kraus, S., Burtscher, J., Vallaster, C., & Angerer, M. 2018. "Sustainable entrepreneurship orientation: A reflection on status-quo research on factors facilitating responsible managerial practices". *Sustainability (Switzerland)*, *10*(2). https://doi.org/10.3390/su10020444.

McIntyre, D. P., & Srinivasan, A. 2017. "Networks, platforms, and strategy: Emerging views and next steps". *Strategic Management Journal*, *38*(1): 141–160. https://doi.org/10.1002/SMJ.2596.

MEDEC. 2020. "Malaysia National Entrepreneurship Policy 2030".

Modgil, S., Dwivedi, Y. K., Rana, N. P., Gupta, S., & Kamble, S. 2022. "Has Covid-19 accelerated opportunities for digital entrepreneurship? An Indian perspective". *Technological Forecasting and Social Change*, *175*. https://doi.org/10.1016/j.techfore.2021.121415.

Murthy, K. V. B., Kalsie, A., & Shankar, R. 2021. "Digital economy in a global perspective: is there a digital divide?". *Transnational Corporations Review*, *13*(1): 1–15. https://doi.org/10.1080/19186444.2020.1871257.

Nambisan, S. 2017. "Digital Entrepreneurship: Toward a Digital Technology Perspective of Entrepreneurship". *Entrepreneurship: Theory and Practice*. https://doi.org/10.1111/etap.12254.

Ngoasong, M. Z. 2018. "Digital entrepreneurship in a resource-scarce context: A focus on entrepreneurial digital competencies". *Journal of Small Business and Enterprise Development*, *25*(3): 483–500. https://doi.org/10.1108/JSBED-01-2017-0014.

Sahut, J. M., Iandoli, L., & Teulon, F. 2021. "The age of digital entrepreneurship". *Small Business Economics*, *56*(3). https://doi.org/10.1007/s11187-019-00260-8.

Samara, G., & Terzian, J. 2021. Challenges and Opportunities for Digital Entrepreneurship in Developing Countries. *Springer International Publishing*. https://doi.org/10.1007/978-3-030-53914-6_14.

Satalkina, L., & Steiner, G. 2020. "Digital Entrepreneurship and its Role In Innovation Systems: A Systematic Literature Review as a Basis For Future Research Avenues For Sustainable Transitions". *Sustainability (Switzerland)*, *12*(7). https://doi.org/10.3390/su12072764.

Secundo, G., Mele, G., Vecchio, P. Del, Elia, G., Margherita, A., & Ndou, V. 2021. "Threat or opportunity? A case study of digital-enabled redesign of entrepreneurship education in

the COVID-19 emergency". *Technological Forecasting and Social Change*, *166*. https://doi.org/10.1016/j.techfore.2020.120565.

SME Corp. Malaysia. 2012. *Pelan Indus PKS 2012-2020 : Memangkin Pertumbuhan dan Pendapatan*.

SME Corp. Malaysia. 2020. Guideline For SME Definition. In *SME Corp. Malaysia*.

SME Corp. Malaysia. 2022. *SME Corporation Malaysia - SME Definition*. Retrieved (https://www.smecorp.gov.my/index.php/en/policies/2020-02-11-08-01-24/sme-definition)

SME Corp. Malaysia. 2022. *SME Corporation Malaysia - SME Definition*. SME Corp. Malaysia. Retrieved (https://www.smecorp.gov.my/index.php/en/policies/2020-02-11-08-01-24/sme-definition)

Soltanifar, M., Hughes, M., & Gocke, L. 2021. "Digital entrepreneurship". In *Springer Nature Switzerland*. Springer. https://doi.org/https://doi.org/10.1007/978-3-030-53914-6 ©.

Sussan, F., & Acs, Z. J. 2017. "The digital entrepreneurial ecosystem". *Small Business Economics*, *49*(1): 55–73. https://doi.org/10.1007/s11187-017-9867-5.

Varotsis, N. 2022. *Digital Entrepreneurship and Creative Industries in Tourism : A Research Agenda*.

Zatsarinnyy, A. A., & Shabanov, A. P. 2019. "Model of a prospective digital platform to consolidate the resources of economic activity in the digital economy". *Procedia Computer Science*, *150*: 552–557. https://doi.org/10.1016/j.procs.2019.02.092.

DO revisit MATTERS? A Review On Tourism Destination PERSPECTIVE And Tourist Satisfaction

Intan Shafina Suid

Department of Tourism and Hospitality, Politeknik Tuanku Syed Sirajuddin, Malaysia.

Noraini Muhammad

Department of General Studies, Politeknik Tuanku Syed Sirajuddin, Malaysia.

Ahmad Edwin Mohamed

School of Tourism, Hospitality & Event Management, Universiti Utara Malaysia, Malaysia.

Email Correspondence: shafina_75@yahoo.com

ABSTRACT

The purpose of this paper is to explain the importance of travellers revisit to tourism destination especially by reviewing more than 60 leading tourism and hospitality journals and conferences. The literature review focusing on the three main areas of repeat travelers, revisit intention and tourist satisfaction. However, empirical studies on tourists' intention to revisit have emerged as a significant problem in the strategic marketing of destination over the past few decades. Destination management organizations have long recognized of the urgency to create holiday experience that keep tourists to revisit and recommend to others. Different satisfaction conceptualization studies have been made based on existing theoretical and empirical research in the fields of marketing and tourism to seek the primary determinant of revisit intention. In contrast, findings in many studies show it as a continuous issue. This conceptual paper attempts at evaluating recent empirical studies on satisfaction and revisit intention.

KEYWORDS: *Revisit, Revisit intention, Tourist Satisfaction.*

Introduction

In the decade, the tourism industry is widely accepted as one of the major sources of economic growth. More and more destination countries are switching to activities of agriculture, mining and manufacturing and gearing them forward to become tourism attraction as a new economic generator benefiting from the multiplier effect provided by tourism industry (Cernat & Gourdon, 2012; Şafakli & Kutlay, 2016; Zaei & Zaei, 2013). This expansion has resulted in increasing competitive tourism destinations. On the other hand**, Existing literature have proven that many tourist destinations rely on repeat visitors because they represent a cost**-effective and retaining valuable market segment (Choo et al., 2016; Jang & Feng, 2007; Kozak, 2001; Li, Cai, Lehto, & Huang, 2010; Stylos, Vassiliadis, Bellou, & Andronikidis, 2016). Further, repeat visitors signify a stable source of tourism revenue, they also act as information channels linking the networks of friends, relatives and other potential travellers to a destination (Huang, 2006). Retaining the tourists will benefit tourism business in term of less promotional cost and marketing expenditure could be saved in attracting repeat visitors compared with the first time visitors (Guat, 2010; Mahadzirah et al., 2012). As such, the increasing number of revisit tourist will significantly increase revenue to the particular countries.

Meanwhile, empirical studies on tourist satisfaction has long been a focus among scholars in predicting tourist behavior. Literature in general agreed that satisfied tourists are loyal to the destinations visited and will return (Ahmad Puad, Badarneh, et al., 2011; Dmitrović et al., 2009; Lee, 2007; Wang et al., 2017) This greatly helps in sustaining the local tourism development as tourist destinations often rely on repeat tourist to save the ever-increasing marketing costs (Baker & Crompton, 2000; Ko and Chiu, 2008; Yuksel, Yuksel, & Bilim, 2010; Prayag, Hosany, & Odeh, 2013). In addition, information related to tourist satisfaction also represents the destination's ability to meet the tourists' needs (Battour et al., 2012; Choo et al., 2015; Ramseook et al., 2014). This assessment can help destination marketers to improve the quality of products and services that in turn guarantee tourists' satisfaction.

Method

The Importance of Revisit
Many tourism destinations tend to encourage repeat visitation as it is seen to benefit the countries from the economic perspective. For example, Oppermann (1999) highlighted the advantages of revisit to destination in the context of four marketing advantages: (a) less marketing costs to attract repeat tourists as compared to the first timers, (b) numbers of revisit is an indicator of tourist satisfaction, (c) the repeaters assumption as the most favourable of a particular destination, and (d) this group have the tendency to suggest the destination to others. For cost effectiveness, many tourism destinations tend to rely on repeaters as they spend less in retaining previous visitors compared to the first timers (Um et al., 2006).

DO Revisit MATTERS? A Review On Tourism Destination PERSPECTIVE And Tourist Satisfaction

Less spending refers to the cost of promotional activities in attracting repeat visitors is less than new customers (Chang, 2013). As claimed by Ahmad Puad et al. (2011) that there would be 10% cut in cost and 2% increase in customer retention. Meanwhile, in business, Reichheld and Sasser (1990) emphasised that with the 5% customer retention, the companies will boost profits up to 100%. In other words, even a small decrease in percentage of customer retention cost, it is likely to increase profit earning. This situation will contribute to the cost effective (Jang & Feng, 2007) and significantly increase tourism destination revenue (Ahmad Puad et al., 2012). Furthermore, the repeaters will stay longer (Wong, King, & Wan, 2015) and are likely to give positive words by way of mouth by recommending to others (Phillips et al., 2013). The above view is supported by Jayaraman et al. (2010) who stated that repeat visitors are vital for increasing revenue of Malaysian tourism industry.

Given the importance of revisit in the tourism industry, scholars have acknowledged that this area needs to give great attention in tourism literature. For example, few studies concluded that revisit is an important factor of destination loyalty (Alegre & Cladera, 2013; Kim, 2010; Mohamad, Abdullah, Ali, & Yacob, 2013; Rahman, 2014). In addition, maintaining loyal customers is an essential contributor to the business success and continually benefits development of the countries (Gursoy et al., 2014).

Repeat Travellers

As the above discussion has revealed the importance of revisit to the tourism industry, this section will further discuss on repeat travellers. A number of studies have examined the differences between first-time and repeat travellers. For example, a study by Um et al. (2006) revealed the difference between first timers and repeaters in visiting a destination. First-timers' revisit intentions may have been influenced mainly by destination performance as a whole because of their initial stay. Meanwhile, the repeaters' actions of revisit are the result of the improvement made by the destination management. For instance, special events and acquisition of new attractions, and other marketing promotion strategies function as to recall their positive memory and disseminated information on new attractions. These efforts also contribute to the factors influencing their future behavioral specifically on the revisit intention (Um et al., 2006).

Meanwhile, Gitelson and Crompton (1984) found that repeat travellers are more likely to be seeking relaxation. This study also revealed that visitors return to a familiar destination at least for one of this five reasons: 1) reduced risk/are satisfied with a particular destination; 2) reduced risk/find the same kind of people; 3) have an emotional attachment to a particular destination; 4) further explore a destination, and 5) to show the destination to other people. Study by Fakeye and Crompton (1991) found that the repeat travellers to a particular destination will develop a more multifaceted and distinguished image of a destination as the destination image could have changed after the first visit or once they have spent time there. Repeat travellers are also likely to reconfirm previously formed images and familiarity with a

destination. Familiarity may contribute to the reason for travellers not to look for information on other destinations for their next trip (Kozak, 2001; Li et al., 2010; Um et al., 2006).

Revisit Intention

The understanding of tourist travel behavior and the prediction of their revisit intention is one of the focus in tourism studies (Campo-Martinez et al., 2010; Jang & Feng, 2007; Kozak, 2001; Li et al., 2010; Stylos et al., 2016; Um et al., 2006; Yuksel, 2000). These studies indicate that explaining and predicting human behavior form the primary purpose of tourist behavior studies. However, the tourist's needs and wants are varied and continuously change in different aspects making the task difficult and complex (Chang, 2013). Meanwhile, the clear view of relationship between future behavioral and its factors will help tourism players to develop an appropriate image and marketing strategies to make the best use of their existing resources (Chang, 2013; Chen & Chen, 2010; Kozak, 2001; Um et al., 2006). In this sense, previous researchers have examined factors influencing tourist behavior towards a repeat visitation by examining major factors of revisit intention.

Currently, exploring tourist behavioral intention is one of the main focus in engaging various types of tourism (Assaker & Hallak, 2012; Chang, 2013; Hosany & Witham, 2009; Kim et al., 2015; Shen, 2014; White, 2014). Behavioral intention is defined as the possibility for the individual to act (Ajzen, 1991), to involve in a particular behavior (Feldman & Lynch, 1988), the projection of a brand, consumers will buy (Chang, 2013) and considered to be the best predictor of human behavior (Ajzen, 1991; Conner & Armitage, 1998; Hong et al., 2009). In other words, having a better predictive technique and explanation of tourists' intention could help in understanding their travel behavior (Ajzen, 2006). The revisit intention concept has been viewed as the main factor highly associated with actual revisit travel behavior or can be seen as an expectation of individual's future revisit travel behavior. Generally, studies on revisit intention involve empirically explored variables that influence tourists' intention to revisit and tourist satisfaction is found one of the most significant variables of tourist intention to revisit particular tourism destination.

Tourist Satisfaction

Since more than a decade, tourist satisfaction has been established as a key term in tourism research, as it results in positive behaviours and a better understanding of tourist behaviour, thus providing assistance to managers in the tourism industry (Lee, 2007; Dmitrović et al., 2009; Ahmad Puad et al., 2011; Wang, Yang, Han, & Shi, 2017). Specifically, tourist satisfaction could critically ensure the success of a marketed destination (Baker & Crompton, 2000; Ko and Chiu, 2008; Yuksel, Yuksel, & Bilim, 2010; Prayag et al., 2013) because it is linked directly to destination choice, product/service consumption, and repeat visits (Chou, 2013; Lee, 2007). In addition, information related to tourist satisfaction is crucial for interpreting whether a destination fulfils the tourists' needs, which may help destination marketers improve the

quality of products and services that interest particular tourist segments (Battour et al., 2012; Choo et al., 2015; Ramseook et al., 2014).

From the tourism business perspective, the main aim of tourism players is to put their efforts in measuring and upgrading tourist satisfaction level to ensure increased visitation rates and returns on investment (Flambard-Ruaud, 2005; Oppermann, 1999). Tourism managers are encouraged to further examine factors contributing to tourist satisfaction and future revisitation, as these factors are a requirement for maintaining competitiveness (Hosany & Witham, 2009; Kim et al., 2015). Undoubtedly, satisfaction and revisitation have constantly been associated with business success. Given the importance of tourist satisfaction theoretically in revisit studies and practically in determining the success of a tourism destination, it is crucial to attain all information about tourist satisfaction. Hence, the present study is expected to not only provide such information regarding the factors of IMT satisfaction but also presents the mediating role of tourist satisfaction on revisit intention, which will assist tourism players to become more competitive globally.

Satisfaction refers to the degree to which an individual believes that experience results in a positive emotional state (Rust & Oliver, 1994). Later, Kozak (2001) argued that tourist satisfaction or dissatisfaction could be considered as a form of performance measurement and as a useful source to assess a destination's competitive advantage. Others defined satisfaction as the customer's judgment of whether or not a certain product or service has fulfilled their needs (Neal et al., 1999; Oliver, 1997). Satisfaction is also an outcome of the subjective assessment of whether or not the selected alternative reaches or goes above expectations (Jang & Feng, 2007; Um et al., 2006). Satisfaction occurs when customers obtain more value than the value that they really spent in terms of price, time, and effort (Assaker & Hallak, 2012). Besides, scholars tend to relate satisfaction with cognitive and affective responses related to consumption experiences (Dolnicar et al., 2013; Velazquez et al., 2011). For example, people tend to compare the service given by hoteliers via star ratings and they will only be satisfied when the performance of a service provider achieves that stated standard (Velazquez et al., 2011).

In connection to peoples' behavioural intention, some works associate the consequences of satisfaction to positive behavioural intention; however, in certain circumstances, a tourist's intention to return to a particular destination is not always determined by satisfaction (Dolnicar et al., 2013). This situation happens when tourists intend to seek novelty and gain new experiences (Oppermann, 1999; Rittichainuwat et al., 2003). They could choose to visit another place and decide not to return to the same destination even if they had obtained a favourable experience previously (Assaker & Hallak, 2012; Phillips et al., 2013). In other words, satisfaction will not always lead to tourists returning to the same travel destination. Tourist satisfaction in previous empirical studies is further highlighted in the next section.

Tourist Satisfaction in Revisit Intention Studies

In destination marketing literature, empirical studies have demonstrated that satisfaction has a positive influence as one of the main factors that explain revisit intention to a particular destination (Ahmad Puad et al., 2011; Alegre & Cladera, 2013; Campo-Martinez et al., 2010; Chen & Chen, 2010; Karim & Chua, 2009; Kim et al., 2015; Kim, 2010; Kozak, 2001; Lee, 2009; Ling et al.,2010; Mohammad, 2014; Yuksel, 2000). These studies tested and operationalised satisfaction differently according to the context and objective of study. Satisfaction has been operationalised as tourist satisfaction with destination (Kim, 2010), tourism activities (Mohammad, 2014), travel experience (Kim, 2010; Munir et al., 2013; Um et al., 2006), destination attributes (Lee, 2009; Yuksel, 2000), events (Osti et al., 2012), destination image (Ahmad et al., 2011), food (Karim & Chua, 2009; Ling et al., 2010), services (Chen & Chen, 2010), as well as satisfaction with the stay at a particular destination (Alegre & Cladera , 2013).

This variety of satisfaction-derived intentions and the multi-conceptualisation of measuring satisfaction indicate differences in the selection of items to be measured.However, the revisit intention literature has also demonstrated that tourist satisfaction does not always have a significant relationship with revisit intention (Assaker & Hallak, 2012; Lin, 2012; Phillips et al., 2013; Rittichainuwat et al., 2003; Um et al., 2006). For example, Rittichainuwat et al. (2003) studied international tourists in Thailand and found that travel satisfaction had no impact on the tourists' return intention. Similarly, Um et al. (2006) found that satisfaction was not significant in predicting tourists' intention to revisit Hong Kong for the years 2001, 2002, and 2003. Meanwhile, Lin (2012) conceptualised satisfaction as tourist psychological wellbeing and obtained negative results regarding their intention to revisit a hot springs area. Recently, Assaker and Hallak (2012) claimed that even satisfied tourists might not return to the same destination based on their survey conducted among tourists at sun and sea attractions in Australia.On a similar note, Dolnicar et al. (2013) claimed that satisfaction does not always lead to tourists revisiting the same destination. Their judgment was based on a meta-analysis of published papers in tourism journals between 2002 and 2011. The availability of various destination attributes offered at particular tourism attractions may encourage travellers to visit the destination once only (Dolnicar et al., 2013; Oppermann, 1999; Rittichainuwat et al., 2003). Therefore, the relationship between satisfaction and behavioural intention is multifaceted, and indicates several possible reasons for why high levels of satisfaction do not always lead to an expected positive behavioural intention.

Result

The above argument highlights a gap in the significant role of tourist satisfaction on tourists' revisiting a tourism destination. Previous studies found inconsistent findings (positive or negative) on the relationship between tourist satisfaction and revisit intention. Further research according to different contexts of study could give a better explanation and provide more valuable information to retain or to encourage more tourist arrival to particular tourist

destinations (Campo-Martinez et al., 2010; Kozak, 2001; Mohammad, 2014; Osti et al., 2012). Table 2.7 indicates the various concepts and findings of tourist satisfaction in previous research on tourist revisit intention.

Table 1 *Tourist Satisfaction in Revisit Intention Studies*

Author/year	Satisfaction conceptualisation	Relationship between satisfaction and revisit intention (Positive/Negative)
Kim et al. (2015)	Tourist satisfaction with the destination	Positive
Mohammad (2014)	Satisfaction with tourism activities	Positive
Munir et al. (2013)	Travel satisfaction	Positive
Phillips et al. (2013)	Satisfaction with destination attributes (product and services such as transportation, accommodation, food, services, and others)	Negative
Alegre & Cladera (2013)	Satisfaction with stay	Positive
Assaker & Hallak (2012)	Satisfaction with destination attributes (the climate, beaches, accommodation, and setting)	Negative
Lin (2012)	Psychological wellbeing	Negative
Osti et al. (2012)	Satisfaction with the event	Positive
Ahmad, Seyedeh, Azizan and Jamil (2011)	Satisfaction with destination image (Penang)	Positive
Ling, Muhd Shahrim, and Mohhidin (2010)	Satisfaction with Malaysian food	Positive
Campo-Martinez et al. (2010)	Overall satisfaction/global tourist satisfaction	Positive
Chen and Chen (2010)	Satisfaction with the services	Positive
Kim (2010)	Satisfaction with overall travel experience	Positive
Karim and Chua (2009)	Satisfaction with food attributes	Positive
Lee (2009)	Satisfaction with destination attributes (Taiwan wetland tourism)	Positive
Um et al. (2006)	Satisfaction in terms of quality of experience	Negative
Rittichainuwat et al. (2003)	Travel satisfaction	Negative
Kozak (2001)	Satisfaction with the holiday experience	Positive
Yuksel (2000)	Satisfaction with destination attributes (Turkey)	Positive

The above studies produced mixed results on the relationship between tourist satisfaction and revisit intentions. Since there are inconsistent findings (positive and negative relationship), it is crucial to further investigate the influence of tourist satisfaction in the context of revisit intention (Dolnicar et al., 2013; Velazquez et al., 2011). Hopefully, the findings of this present study will provide more explanations about the consequences of satisfaction on behavioural models of tourism destination revisitation.

Discussion

Other related variables which are also vital as main factors of tourists' revisit intention is satisfaction (Alegre & Cladera, 2013; Arasl & Baradarani, 2014; Chen & Chen, 2010; Hosany & Witham, 2009; Jang & Feng, 2007; Mohammad, 2014; Munir, Khatijah, & Azizul Yadi, 2013; Neal, Sirgy, & Uysal, 1999; Bosque & Martin, 2008; Yoon & Uysal, 2005; Yuksel, 2000). For example, Mohammad (2014) found that tourist satisfaction is an important factor for tourist repeat visitation to Jordan. Likewise, Chen & Chen (2010) have examined the visitor's experience of heritage tourism in Tainan, Taiwan. This study found that satisfaction has a significant and direct positive effect on behavioral intention of revisit. Meanwhile, some of the researchers concurred that satisfaction has indirect effect on revisit intention or has important role as mediator in revisit intention studies (Baker & Crompton, 2000; Choo et al., 2015; Chou, 2013; Lee, 2009, 2007, 2006; Liu et al., 2017; Prayag, Hosany & Odeh, 2013; Su & Hsu, 2013).

Conclusion

The clear view of relationship between future behavioral and its factors will help tourism players to develop an appropriate image and marketing strategies to make the best use of their existing resources (Chang, 2013; Chen & Chen, 2010; Kozak, 2001; Um et al., 2006). In this sense, previous researchers have examined factors influencing tourist behavior towards a repeat visitation by examining major factors of revisit intention. The understanding of tourist behavioral intention is critical in predicting future behavior. In the same manner, revisit intention can serve as a beneficial instrument in predicting future revisit behavior (Campo-Martinez et al., 2010; Kim et al., 2015; Lin, 2013). Therefore, a critical analysis and empirical study on the factors of revisit intention may answer factors influencing repeat visitors and provide the ground to improve the Malaysian tourism market by encouraging repeat travellers.

Recently, the number of studies on tourists' revisit intention shows the growing attention from many researchers to predict and clarify tourists' intentions to revisit (Campo-Martinez et al., 2010; Chang, 2013; Chen & Chen, 2010; Chen & Gursoy, 2012; Darnell & Johnson, 2001; Hong et al., 2009; Huang, 2007; Huang, 2009; Jang & Feng, 2007; Kim, 2010; Kozak, 2001; Lee, 2009; Mohammad, 2014; Um et al., 2006; Yuksel, 2015). An overview of these studies demonstrates that the tourist revisit intention is considered a valuable concept in predicting future revisit behavior. Previous studies also revealed that the relationship between tourist satisfaction and revisit intentions have produced mixed results. There are positive and negative relationships. This paper gives insight into the impact of tourist satisfaction towards revisit intention. Thus, the finding tends to justify that better understanding of tourists' revisit intention should be one of the main concerns for tourism marketeers in serving their target market successfully.

Reference

Ahmad Puad, Mat Som, Mohammad Bader Badarneh, and Jamil Jusoh. 2011. "Satisfaction and Novelty Seeking in Tourists' Behavioural Intentions to Revisit." Pp. 287–94 in *Proceedings of Regional Conference on Tourism Research*.

Ahmad Puad, Mat Som, Azizan Marzuki, Maryam Yousefi, and Nimer Abukhalifeh. 2012. "Factors Influencing Visitors' Revisit Behavioral Intentions: A Case Study of Sabah , Malaysia." *International Journal of Marketing Studies* 4(4):39–50. doi: 10.5539/ijms.v4n4p39.

Ahmad Puad, Mat Som, Fatemeh Mostafavi Shirazi Seyedeh, Marzuki Azizan, and Jusoh Jamil. 2011. "A Critical Analysis of Tourist Satisfaction and Destination Loyalty." *Jounal of Global Management* 2(2):178–86.

Ajzen, Icek. 1991. "The Theory of Planned Behavior." *Organizational Behavior & Human Decision Processes* 50:179–207.

Ajzen, Icek. 2006. *Behavioral Interventions Based on the Theory of Planned Behavior*.

Alegre, Joaquı́n, and Magdalena Cladera. 2013. "Analysing the Effect of Satisfaction and Previous Visits on Tourist Intentions to Return." *European Journal of Marketing* 43(5):670–85.

Arasl, Huseyin, and Sarvnaz Baradarani. 2014. "European Tourist Perspective on Destination Satisfaction in Jordan's Industries." *Procedia - Social and Behavioral Sciences* 109:1416–25. doi: 10.1016/j.sbspro.2013.12.645.

Assaker, G., and R. Hallak. 2012. "European Travelers' Return Likelihood and Satisfaction with Mediterranean Sun-and-Sand Destinations: A Chi-Square Automatic Identification Detector-Based Segmentation Approach." *Journal of Vacation Marketing* 18(2):105–20. doi: 10.1177/1356766711435977.

Bosque, Ignacio Rodrıguez, and Hector San Martin. 2008. "Touurist Satisfaction A Cognitive-Affective Model." *Annals of Tourism Research* 35(2):551–73. doi: 10.1016/j.annals.2008.02.006.

Campo-Martinez, Sara, Joan B. Garau-vadell, and Pilar Martı. 2010. "Factors Influencing Repeat Visits to a Destination : The Influence of Group Composition." *Tourism Management* 31:862–70. doi: 10.1016/j.tourman.2009.08.013.

Cernat, Lucian, and Julien Gourdon. 2012. "Paths to Success: Benchmarking Cross-Country Sustainable Tourism." *Tourism Management* 33(5):1044–56. doi: 10.1016/j.tourman.2011.12.007.

Chang, Lan Lan. 2013. "Influencing Factors on Creative Tourists' Revisiting Intentions: The Roles of Motivation, Experience and Perceived Value."

Chen, Ching Fu, and Fu Shian Chen. 2010. "Experience Quality, Perceived Value, Satisfaction and Behavioral Intentions for Heritage Tourists." *Tourism Management* 31(1):29–35. doi: 10.1016/j.tourman.2009.02.008.

Chen, Joseph S., and Dogan Gursoy. 2012. "An Investigation of Tourists' Destination Loyalty and Preferences." *International Journal of Contemporary Hospitality Management* 13(2):79–85.

Conner, Mark, and Christopher J. Armitage. 1998. "Extending the Theory of Planned Behavior: A Review and Avenues for Further Research." *Journal of Applied Social Psychology* 28(15):1429–64. doi: 10.1111/j.1559-1816.1998.tb01685.x.

Darnell, Adrian C., and Peter S. Johnson. 2001. "Repeat Visits to Attractions : A Preliminary Economic Analysis." *Tourism Management* 22:23–26.

Dmitrović, Tanja, Ljubica Knežević Cvelbar, Tomaž Kolar, Maja Makovec Brenčič, Irena Ograjenšek, and Vesna Žabkar. 2009. "Conceptualizing Tourist Satisfaction at the Destination Level." *International Journal of Culture, Tourism and Hospitality Research* 3(2):116–26. doi: 10.1108/17506180910962122.

Dolnicar, S., T. Coltman, and R. Sharma. 2013. "Do Satisfied Tourists Really Intend to Come Back? Three Concerns with Empirical Studies of the Link between Satisfaction and Behavioral Intention." *Journal of Travel Research* 54(2):152–78. doi: 10.1177/0047287513513167.

Fakeye, P. C., and J. R. Crompton. 1991. "Image Differences Between Prospective, First- Time, and Repeat Visitors to the Lower Rio Grande Valley." *Journal of Traveler Research* 30(2):10–15.

Feldman, Jack M., and John G. Lynch. 1988. "Self-Generated Validity and Other Effects of Measurement on Belief , Attitude , Intention , and Behavior." 73(3):421–35.

Flambard-Ruaud, Sabine. 2005. "Relationship Marketing in Emerging Economies: Some Lessons for the Future." *Vikalpa* 30(3):53–63.

Gitelson, R. .., and J. .. Crompton. 1984. "Insights into the Repeat Vacation Phenomenon." *Annals of Tourism Research* 11:199–217.

Guat, Ch'ng Li. 2010. "Factors Influencing the Intentions of Singaporean Tourists to Revisit Malaysia."

Gursoy, Dogan, Joseph S. Chen, and Christina G. Chi. 2014. "Theoretical Examination of Destination Loyalty Formation." *International Journal of Contemporary Hospitality Management* 26(5):809–27.

Hong, Sung Kwon, Sang Woo Lee, Seokho Lee, and Hochan Jang. 2009. "Selecting Revisited Destinations." *Annals of Tourism Research* 36(2):268–94. doi: 10.1016/j.annals.2009.01.001.

Hosany, Sameer, and Mark Witham. 2009. *Dimensions of Cruisers ' Experiences , Satisfaction and Intention to Recommend*. London.

Huang, Songshan Sam. 2007. "The Effects of Motivation, Past Experience, Perceived Constraint and Attitude on Tourist Revisit Intention."

Huang, Yu Chin. 2009. "Examining the Atecedents Of Behavioral Intentions in a Tourism Context."

Jang, SooCheong, and Ruomei Feng. 2007. "Temporal Destination Revisit Intention: The Effects of Novelty Seeking and Satisfaction." *Tourism Management* 28(2):580–90. doi: 10.1016/j.tourman.2006.04.024.

Jayaraman, K., S. K. Lin, C. L. Guat, and W. L. Ong. 2010. "Does Malaysian Tourism Attract Singaporeans to Revisit Malaysia?" *Journal of Business and Policy Research* 5(2):159–79.

Karim, M. Shahrim Ab, and Bee Lia Chua. 2009. "Malaysia as a Culinary Tourism Destination: International Tourist' Perspective." *Journal of Tourism, Hospitality & Culinary Arts* 63–78.

Kim, Myung Ja, Timothy Jung, Woo Gon Kim, and Paraskevi Fountoulaki. 2015. "Factors Affecting British Revisit Intention to Crete, Greece: High vs. Low Spending Tourists." *Tourism Geographies* 1–27. doi: 10.1080/14616688.2015.1062908.

Kim, Soon Ho. 2010. "Antecedents of Destination Loyalty."

Kozak, Metin. 2001. "Repeaters' Behavior at Two Distinct Destinations." *Annals of Tourism Research* 28(3):784–807.

Lee, T. H. 2007. "An Ecotourism Behavioural Model of National Forest Recreation Areas in Taiwan." *International Forestry Review* 9(3):771–85. doi: 10.1505/ifor.9.3.771.

Lee, Tsung Hung. 2009. "A Structural Model to Examine How Destination Image, Attitude, and Motivation Affect the Future Behavior of Tourists." *Leisure Sciences* 31(3):215–36. doi: 10.1080/01490400902837787.

Li, Mimi, Liping a. Cai, Xinran Y. Lehto, and Joy (Zhuowei) Huang. 2010. "A Missing Link in Understanding Revisit Intention—The Role of Motivation and Image." *Journal of Travel & Tourism Marketing* 27(4):335–48. doi: 10.1080/10548408.2010.481559.

Lin, C. H. 2012. "Effects of Cuisine Experience, Psychological Well-Being, and Self-Health Perception on the Revisit Intention of Hot Springs Tourists." *Journal of Hospitality & Tourism Research* 38(2):243–65. doi: 10.1177/1096348012451460.

Lin, Chung Hsien. 2013. "Determinants of Revisit Intention to a Hot Springs Destination: Evidence from Taiwan." *Asia Pacific Journal of Tourism Research* 18(3):183–204. doi: 10.1080/10941665.2011.640698.

Ling, Leong Quee, Ab. Karim Muhd Shahrim, and Othman Mohhidin. 2010. "Relationships Between Malaysian Food Image, Tourist Satisfaction and Behavioural Intention." *World Applided Science Journal* 10:164–71.

Mahadzirah, Mohamad, Abdullah Ahmad Rusdi, and Mokhlis Safiek. 2012. "Tourists' Evaluations of Destination Image and Future Behavioural Intention: The Case of Malaysia." *Journal of Management and Sustainability* 2(1):181–89. doi: 10.5539/jms.v2n1p181.

Mohamad, Mahadzirah, Ahmad Rusdi Abdullah, Abdul Manan Ali, and Ridzuan Yacob. 2013. "Modelling the Relationships of Service Recovery Satisfaction, Destination Image and Post-Trip Behaviour Intention." *International Business Research* 6(8):113–20. doi: 10.5539/ibr.v6n8p113.

Mohammad, Bashar Aref Mohammad Al Haj. 2014. "Examining Tourist ' s Satisfaction , Loyalty and Intention to Revisit." *Research Academy of Social Sciences* 2(6):260–73.

Munir, Salleh, Omar Khatijah, and Yaakob Azizul Yadi. 2013. "Tourist Satisfaction in Malaysia." *International Journal of Business and Social Science* 4(5):221–26.

Neal, Janet D., M. Joseph Sirgy, and Muzaffer Uysal. 1999. "The Role of Satisfaction with Leisure Travel/ Tourism Services and Experience in Satisfaction with Leisure Life and Overall Life." *Jounal of Business Research* 44:153–63.

Oliver, R. L. 1997. *Satisfaction: A Behavioral Perspective on the Consumer*. New York: McGraw-Hill.

Oppermann, Martin. 1999. "Predicting Destination Choice: A Discussion of Destination Loyalty." *Journal of Vacation Marketing* 5(1):51–65.

Osti, L., M. Disegna, and J. G. Brida. 2012. "Repeat Visits and Intentions to Revisit a Sporting Event and Its Nearby Destinations." *Journal of Vacation Marketing* 18(1):31–42. doi: 10.1177/1356766711428803.

Phillips, Woomi Jo, Kara Wolfe, Nancy Hodur, and F. Larry Leistritz. 2013. "Tourist Word of Mouth and Revisit Intentions to Rural Tourism Destinations: A Case of North Dakota,USA." *International Journal of Tourism Research* 15:93–104. doi: 10.1002/jtr.

Rahman, Muhammad Khalilur. 2014. "Motivating Factors of Islamic Tourist's Destination Loyalty : An Empirical Investigation in Malaysia." *Journal of Tourism and Hospitality Management* 2(1):63–77.

Reichheld, F. F., and W. E. Sasser. 1990. "Zero, Defection: Quality Comes to Service." *Harward Business Review* 68(1):105–11.

Rittichainuwat, Bongkosh Ngamsom, Hailin Qu, and Jerrold K. Leong. 2003. "The Colective Impacts of a Bundle of Travel Determinants." *Journal of Hospitality & Tourism Research* 27(2):217–36. doi: 10.1177/1096348003251433.

Rust, Roland T., and Richard W. Oliver. 1994. "Notes and Comments : The Death of Advertising." *Journal of Advertisng* 23(4):71–77.

Şafakli, Okan Veli, and Kaan Kutlay. 2016. "Potential Multiplier Effect of Tourism Sector in Northern Cyprus." *International Journal of Academic Research in Accounting, Finance and Management Sciences* 6(4):44–51. doi: 10.6007/IJARAFMS/v6-i4/2293.

Shen, Suyan. 2014. "Intention to Revisit Traditional Folk Events : A Case Study of Qinhuai Lantern Festival , China." *International Journal of Tourism Research* 16:513–20. doi: 10.1002/jtr.

Stylos, Nikolaos, Chris a. Vassiliadis, Victoria Bellou, and Andreas Andronikidis. 2016. "Destination Images, Holistic Images and Personal Normative Beliefs: Predictors of Intention to Revisit a Destination." *Tourism Management* 53:40–60. doi: 10.1016/j.tourman.2015.09.006.

Um, Seoho, Kaye Chon, and YoungHee Ro. 2006. "Antecedents of Revisit Intention." *Annals of Tourism Research* 33(4):1141–58. doi: 10.1016/j.annals.2006.06.003.

Velazquez, B. M., I. G. Saura, and M. E. R. Molina. 2011. "Conceptualizing and Measuring Loyalty: Towards a Conceptual Model of Tourist Loyalty Antecedents." *Journal of Vacation Marketing* 17(1):65–81. doi: 10.1177/1356766710391450.

Wang, Bin, Zhaoping Yang, Fang Han, and Hui Shi. 2017. "Car Tourism in Xinjiang: The Mediation Effect of Perceived Value and Tourist Satisfaction on the Relationship between Destination Image and Loyalty." *Sustainability (Switzerland)* 9(1). doi: 10.3390/su9010022.

White, Christopher J. 2014. "Ideal Standards and Attitude Formation : A Tourism Destination Perspective." *International Journal of Tourism Research* 16:441–49. doi: 10.1002/jtr.

Wong, Ipkin Anthony, Yim King, and Penny Wan. 2015. "A Systematic Approach to Scale Development in Tourist Shopping Satisfaction: Linking Destination Attributes and Shopping Experience." doi: 10.1177/0047287512457263.

Yoon, Yooshik, and Muzaffer Uysal. 2005. "An Examination of the Effects of Motivation and Satisfaction on Destination Loyalty: A Structural Model." *Tourism Management* 26(1):45–56. doi: 10.1016/j.tourman.2003.08.016.

Yuksel, Atila. 2000. "Managing Customer Satisfaction and Retention : A Case of Tourist Destinations, Turkey." 7(2):153–68.

Zaei, Mansour Esmaeil, and Mahin Esmaeil Zaei. 2013. "The Impacts of Tourism Industry on Host." *European Journal of Tourism Hospitality and Research* 1(2):12–21.

ANALYSIS OF THE APPLICATION OF ACCOUNTING INFORMATION SYSTEMS FOR EXPEDITIONARY SERVICES AT MULTI INTIM EXPRESSINDO INC.

Ester M Pasamba

Accounting, PSDKU ARU Pattimura University, Indonesia

Selva Temalagi

Accounting, Pattimura University, Indonesia

Email Correspondence: estermpasamba@gmail.com

ABSTRACT

The purpose of this study was to analyze and determine the application of the accounting information system for expedition services at Multi Intim Expressindo Inc. The research method used is qualitative research because this study aims to compare with existing theories. The types of data used are primary data and secondary data. Preliminary data in question is from interviews, while secondary data is information about company profiles and shipping service systems. The data analysis method used is the descriptive qualitative analysis method to examine the role of information systems systematically. From the results of this study, it can be concluded that the expedition service system has been running quite well. However, there are several weaknesses. Namely, Multi Intim Expressindo Inc. has not used a system that can minimize scattered goods and incorrect deliveries. In addition, the financial administration only makes daily financial reports from expedition reports. This can result in less accurate data received in creating financial statements.

KEYWORDS: Accounting Information Systems, Expeditionary Services.

ANALYSIS OF THE APPLICATION OF ACCOUNTING INFORMATION SYSTEMS FOR EXPEDITIONARY SERVICES AT MULTI INTIM EXPRESSINDO INC.

Introduction

The service sector has become critical from year to year and has experienced a significant increase compared to previous years. This sector provides a good contribution and business opportunity to the Indonesian economy. This contribution can be seen in various aspects ranging from profit and the ability to absorb labor. One of the service industries is the freight forwarding (expedition) service industry—the goods delivery service for the community, especially those from remote areas.

Freight forwarding services are responsible for serving consumers to the maximum in terms of speed and timeliness and guaranteed package security (integrity and security during delivery as well as with insurance). Companies are no longer limited to products but also aspects of processes, human resources, and the environment (Arbayah, 2013). Thus, shipping companies greatly depend on sound and accurate information systems.

Information is essential for every company, especially shipping companies, in facilitating daily activities because it can help decision-making. The information system implemented in the company aims to provide information to support decision-making, provide information to support day-to-day operations, and present information related to management. The way that companies can do to provide quality services to consumers is to carry out all control functions in their operational activities, especially in receiving and shipping goods which are the main activities of shipping companies.

Multi Intim Expressindo Inc., which was founded in 1997, is one of the companies engaged in the business of freight forwarding services that accept small to large-scale shipments of goods. Multi Intim Expressindo Inc. is based in Surabaya and has branches in several areas, one of which is in Ambon. This company has an essential role in supplying goods ranging from individual orders and goods ordered from small businesses to large-scale retail companies. Therefore, researchers are interested in analyzing the part of the expedition service accounting information system at Multi Intim Expressindo Inc. Thus; this research is entitled: Analysis of the Application of Accounting Information Systems for Expeditionary Services at Multi Intim Expressindo Inc.

Method

The research method is a step to be carried out in data collection with specific objectives and uses, for example, to solve problems and test research hypotheses.

1. Research Approach
   This study uses a qualitative approach with the aim of researchers being able to describe clearly and in detail and obtain in-depth data from research on the role of accounting information systems on the performance of Multi Intim Expressindo Inc.

2. Research Objects and Subjects

   The object of this research is the Multi Intim Expressindo Ambon Inc. branch. This company is essential in supplying goods ranging from individual orders and goods ordered from small-scale businesses to large-scale retail companies. Therefore, researchers are interested in analyzing the role of the expedition service accounting information system at Multi Intim Expressindo Inc. The object of the research or research unit is an accounting information system, while the subject is Multi Intim Expressindo Inc.

3. Selection of Key Informants

   The informant in this study was Mrs. Win, who is in the general administration section of the Multi Intim Expressindo Ambon Inc. branch.

4. Data Type

   The data used in this study are primary in the form of direct interviews with sources and secondary data in the form of company profiles.

5. Data Collection Techniques

   The data collection technique used is:

   a. Interview, which is conducting direct questions and answers to the general administration section with questions that have been prepared.

   b. Documentation, namely making direct observations of company activities related to research objects at PT Multi Intim Expressindo.

6. Data analysis technique

   The data analysis method used in this study is a qualitative descriptive analysis method used for a systematic review of the role of accounting information systems in shipping companies.

Result

PT Multi Intim Expressindo has several interrelated functions with expedition services, including administrative functions, financial functions, and operational functions. There are several procedures in expedition service activities at PT Multi Intim Expressindo, including the following:

1. Procedure for Using Expedition Services at PT Multi Intim Expressindo

   a. The client sends goods using the services of PT Multi Intim Expressindo by including the name and delivery address.

   b. Clients can pick up the ordered goods directly at the company or use the delivery service provided by the company for an additional fee.

   c. The client chooses the method of payment for the goods, namely before the goods are received or after the client receives the goods.

   d. When the client chooses to pay before the goods are received, the client will be given a payment note.

e. If the client chooses to pay after the goods are received, then payment will be made when the goods are in hand or through billing with a maximum repayment period of 3 months.

2. Shipping Procedure
   a. PT Multi Intim Expressindo sends client-ordered goods using container services from several container companies, for example, Meratus, Tanto, and Temas.
   b. The number of containers PT Multi Intim Expressindo is adjusted to the volume and number of goods shipped.
   c. Sending goods according to delivery order.
   d. Goods arriving at the port will be transported by the supervisor and delivered to the client's address according to the delivery order or transported to the company's warehouse.

3. Final Procedure of Expedition Activities
   a. Supervisor checking data from delivery order.
   b. The supervisor delivers the goods and checks the proof of payment.
   c. Supervisors deposit funds to the treasurer if the client pays immediately after receiving the goods.
   d. The treasurer reports the company's daily activities to the head office and makes a billing schedule for clients who have not paid.
4. Treasury's Activities
   a. Receive deposit funds from supervisors.
   b. Receiving a deposit from the billing department.
   c. Create a billing schedule.
   d. Calculate the salary received by employees, supervisors, and helpers.
   e. Make daily cash reports and year-end reports.

The documents used by Multi Intim Expressindo Inc. in carrying out expedition activities are as follows:
1. Proof of service order
2. Proof of receipt of goods from the container
3. Receipt of delivery materials
4. Service payment billing
5. Service billing notes

The parts involved in the expedition service procedure at Multi Intim Expressindo Inc. are:
1. Financial department
2. Administration department
3. Shipping department
4. Warehouse Department

ANALYSIS OF THE APPLICATION OF ACCOUNTING INFORMATION SYSTEMS FOR EXPEDITIONARY SERVICES AT MULTI INTIM EXPRESSINDO INC.

The use of the Accounting Information System at Multi Intim Expressindo Inc. is as follows:

1. Making financial reporting
2. Supports Routine Activities
3. Support Decision Making
4. Implementing Internal Planning and Control

Discussion

1. **Analysis of the Functions in Multi Intim Expressindo Inc.**

   The functions contained in Multi Intim Expressindo Inc. have been running quite well. Delivery of goods to clients is carried out as soon as the goods arrive at the Port. Clients have various options in getting the ordered goods, including through delivery services provided by the company or picking up their own at the port and warehouse. However, there are several obstacles in delivering goods, including scattered goods in warehouses or ports, complaints due to incomplete goods, and incorrect delivery of goods. This is due to the lack of careful supervision of the supervisors in the field. If this happens, the administration will trace the location of the error and make decisions according to the obstacles in the area.

2. **Expedition Service Accounting Information System Analysis**

   In the expedition service accounting information system that has been running at Multi Intim Expressindo Inc., there are several shortcomings, such as late payments by clients, scattered goods, and incorrect deliveries. Regarding bookkeeping, the treasurer only makes a daily cash report containing information on the incoming money on that day. In the bookkeeping section, the financial administration should not only make financial reports from the expedition report because, according to Kristianto (2007), information is a collection of data that is processed into a form that is more useful and meaningful for the recipient, so it is better for the accountant administration also to make financial reports based on the information. From delivery orders, delivery order reports, and work order confirmations.

3. **Document Analysis Used in Expedition Service Activities**

   The documents used by Multi Intim Expressindo Inc. in carrying out expeditionary service activities are pretty good. Still, some papers have shortcomings, such as the delivery order not having the driver's signature in charge of delivery, which can result in the absence of a written agreement between the parties. ritase with the driver. We recommend adding the driver's initials to add written evidence for the understanding of all parties. In the submission of confirmations made by the financial administration, there is no purpose for an information system that supports the company's operations. It is better to make a written document given to the vehicle administration and the accountant administration so that there is written evidence, not only confirmation by phone or WhatsApp message.

ANALYSIS OF THE APPLICATION OF ACCOUNTING INFORMATION SYSTEMS FOR EXPEDITIONARY SERVICES AT MULTI INTIM EXPRESSINDO INC.

4. Analysis of Relevant Parts in Expedition Service Activities

Sections related to expedition service activities at PT Multi Intim Expressindo have been running quite well. Still, there is no sub-system in the accounting information system, namely the Management Reporting System (MRS). According to Hall (2007), it is better to add an audit party who can check the results of reports made by all parties so that it does not result in losses in running existing businesses and can help provide input for internal decision-making.

5. Analysis of the Use of Expeditionary Service Accounting Information Systems

The use of the expedition service accounting information system at Multi Intim Expressindo Inc. based on the author's analysis is as follows:

1. Making financial reporting
   The financial reports prepared by the treasurer include daily cash inflow reports, client billing reports, due client lists, and year-end reports (closed books). In making reports for tax purposes, PT Multi Intim Expressindo uses the services of a tax consultant so that the company only needs to prepare the data required by the tax consultant.

2. Supports Routine Activities
   Supporting routine activities at the company has been running quite well, such as placing several supervisors and helpers in loading and unloading activities. However, PT Multi Intim Expressindo has not used a system that can minimize scattered goods and delivery errors.

3. Support Decision Making
   The administration and finance department also supports the company's internal decision-making by making reports on the company's daily activities.

4. Implementing Internal Planning and Control
   PT Multi Intim Expressindo already has a budget plan in the form of a budget plan for one year. It is better if the company makes a budget plan within one month to make more precise and well-run controls and increase the success of annual budget planning. Budget planning can be used as a benchmark for making future budgets.

5. Implementing Internal Control
   Internal control aims to protect company assets from loss and corruption. Therefore, the company should install CCTV cameras in critical places that cannot be guarded for 24 hours, such as vehicle parking lots and areas to store valuable documents belonging to the company. Installing CCTV can reduce the possibility of theft.

Conclusion

Based on the research results that have been obtained, the authors conclude that the application of the expedition service accounting information system at Multi Intim Expressindo Inc. has been going quite well but still has several weaknesses, including:

1. Multi Intim Expressindo Inc. makes a budget plan within one year, so the budget planning is not yet detailed.
2. Multi Intim Expressindo Inc. has not used a system to minimize scattered goods and errors.
3. No audit party can help check the completeness of data and documents related to expedition service activities.
4. The financial administration (treasurer) only makes daily financial reports from the expedition report; this can result in less accurate data in creating financial statements.

Based on the results of the study, the suggestions that can be given are:

1. Multi Intim Expressindo Inc. should make a budget plan within one to three months, so the budget planning is more detailed according to the company's needs.
2. Make a work confirmation letter that can help provide written confirmation to the financial administration and vehicle administration so that there are no more mistakes in carrying out expedition activities.
3. Companies should use audit services to help check financial reports and documents related to expedition service activities.
4. Financial parties should make financial reports from work order documents, delivery orders, and delivery order reports to make financial statements more accurate.

Reference

Andri, Kristanto, 2007. Perancangan Sistem Informasi dan Aplikasinya. Klaten: Gava Media.

Arbayah, 2013. "Pengaruh Kualitas Pelayanan Terhadap Kepuasan Konsumen Pada PT. Mex Barlian".

Bodnar, Goerge H, William S, Hopwood, 2006. Sistem Informasi Akuntansi. 9th ed, Andi: Yogyakarta.

Dirgantara Cargo Samarinda. E-journal Administrasi Bisnis, Vol 1(1), Hal. 84–93.

Hall, James. 2007. Accounting Information Systems. Jakarta: Salemba Empat.

Jogiyanto, Hartono, 2005. Analisis dan Desain Sistem Informasi. 3rd ed. Andi: Yogyakarta.

Warren, et all. 2005. Pengantar Akuntansi. 21st ed. Jakarta: Salemba Empat.

EFFECTS OF PROFITABILITY,SOLVABILITY, AND COMPANY SIZE ON AUDIT DELAY

Raisha Rizqi Alif'ka

Departement of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang

Wa Ode Irma Sari, S.Ak., M.S.A.

Departement of Accounting, Faculty of Business and Economics, Institut Teknologi dan Bisnis Asia Malang

Email Correspondence: raisha24alifka@gmail.com

ABSTRACT

This study aims to determine the effect of profitability, solvency, and firm size on audit report lag. The research population is transportation and logistics companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The sample in this study was obtained using purposive sampling method. The criteria that have been determined are that there are 20 companies that are the research sample. The data analysis technique used is multiple regression analysis. The results showed that profitability, solvency, and firm size had no effect on the delay in audit reports.

KEYWORDS: Profitability,Solvability,Company Size,Audit Delay

Introduction

Financial reports are released periodically, whether monthly, quarterly, or annually, depending on your needs and policies. Financial statements to measure performance and analyze the health of the company, as well as communication tools for stakeholders who need to make decisions related to the company. Non-management parties interested in financial statements, such as shareholders, creditors, the government, and the general public. Financial statements are prepared in accordance with applicable regulations and allow all parties to meet the requirements of financial statements.

OJK Regulation Number. 13/ POJK. 03/ 2017 requires that financial statements reported by the public industry are required to be audited before being informed to the IDX. The time span for the completion of this audit is called audit report lag. For Kaaroud, Meter. A., Mohd Ariffin,N. and Ahmad, Meter. (2020) and Afify(2009) audit report lag is the length of time for completion of the audit from coinciding with the closing of the industrial novel to the date of the issuance of the audit report. It continues to be a short time span for its audit report lag until the time it takes to deliver its audited financial statements so that it continues to be lightning so that the publication of the industry's annual financial statements will continue to be lightning as well.

OJK Regulation Number. 13/ POJK. 03/ 2017 requires that financial statements reported by the public industry are required to be audited before being informed to the IDX. The time span for the completion of this audit is called audit report lag. For Kaaroud, Meter. A., Mohd Ariffin,N. and Ahmad, Meter. (2020) and Afify(2009) audit report lag is the length of time for completion of the audit from coinciding with the closing of the industrial novel to the date of the issuance of the audit report. It continues to be a short time span for its audit report lag until the time it takes to deliver its audited financial statements so that it continues to be lightning so that the publication of the industry's annual financial statements will continue to be lightning as well.

Audit Report Lag can be a problem if the audit period is very long because it will affect the timely publication of financial reports (Hashim and Rahman, 2011). Thus, the length of the audit process will ensure the time of publication. The speed with which financial statements are issued is significantly determined not only by industry management but also by the audit process attempted by independent auditors (Ahmed & Hossain, 2010). So it continues to take a long time for the auditor to complete the audit, so that the audit opinion continues to become a mandatory instrument in the disclosure of financial statements to the public. Thus, an audit report lag that is too late can endanger the quality of financial reports, because it does not share data on time to investors and has implications for reducing investor confidence in the market (Hashim and Rahman, 2011). This is due to the fact that audited financial

statements which contain profit data generated by the industry concerned are used as a basis for making decisions to buy or sell ownership owned by investors.

In accordance with the Financial Services Authority Regulation No. 29/POJK.04/2016 all issuers and all stock companies listed on the Indonesian stock exchange are required to submit annual financial reports to OJK within 4 months after the end of the fiscal year. Results All stakeholders have up-to-date information on the Company's situation. Companies that do not submit timely financial reports are subject to administrative sanctions, including written warnings and fines.

The case of PT Garuda Indonesia Tbk (GIAA) which experienced delays in the presentation of its financial statements for 2020 which was given a disclaimer opinion or did not express an opinion by its auditors and a loss of USD 2.44 billion or equivalent to RP 35.38 trillion in 2020 (exchange rate of USD 1 = Rp. 14,500). The Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) imposed sanctions on PT Garuda Indonesia Tbk (GIAA) regarding the company's financial statements which were considered problematic. As a result, the company must pay a fine of Rp. 1.25 billion to the two institutions.

The formulation of the research problem is whether profitability, solvency, and company size affect audit report lag in transportation and logistics companies listed on the Indonesia Stock Exchange. The purpose of the study was to determine and analyze the effect of profitability, solvency, and firm size on audit report lag in transportation and logistics companies listed on the Indonesia Stock Exchange.

Methode

Agency Theory

According to (Jensen, 1976) Agency theory is a contract between the manager (agent) and the owner (principal). In order for this contractual relationship to run smoothly, the owner will delegate the creation authority to the manager. Agency theory is a theory that explains the relationship between the principal and the agent. In a corporation, the principal refers to the owner while the agent refers to the manager. The owner is the party that mandates the agent to act on behalf of the owner while the agent is the party who is mandated by the owner to run the company.

Signalling Theory

According to (Deasy, 2020) Signal theory is the action of a company in providing signals or actions taken by management where management knows information that is complete and accurate on the company's internal and company prospects in the future from investors. If the company gets an unqualified opinion from the audit report, the company will not delay issuing the audited financial statements because the company's management knows that the signal

captured by investors is a positive signal (good news). Thus, in addition to reducing the audit delay period, it can also increase the value of the company in the eyes of investors.

Audit Delay

According to (Naftali, 2022) The time difference between the end of the financial reporting year and the date of issuance of the audit report is referred to as audit report lag or audit delay in some studies. The length of time it takes to complete the audit can impact the timeliness of the information to be disclosed, affect the market reaction to information delays and the level of uncertainty in judgments based on published data.
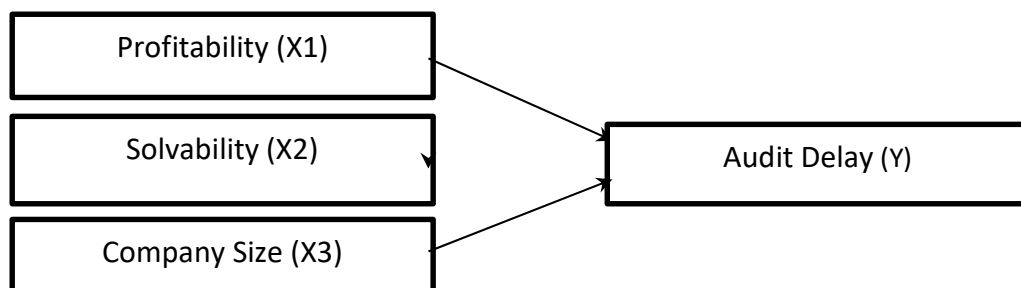
Profitability

According to (Bahri, 2017) profitability ratio is the entity's ability to earn profits in relation to sales, total assets, and own capital. Long-term investors are very interested in profitability information. This ratio also provides a measure of the level of management effectiveness. This is indicated by the profit generated from sales and investment income. The point is that the use of this ratio shows the efficiency of the entity.

Solvability

According to (Muslichah & Bahri, 2021) Solvency is the ability of an entity to pay all of its obligations. Entities that have sufficient assets to pay their debts are called solvable, while those that cannot are called unsolvable. The ability to pay off its obligations shows good performance.

Company Size

Variable scale or size can be used to describe size company as measured by total assets,measure of market value, shares, total sales,total income, total capital, and factor other. Company size is a scale that can be determined with use total assets and can represent the state of a company, with the size the advantages of the source of funds available to finance the investment in making a profit (Naftali, 2022).

Hypothesis

Effects of Profitability on Audit Delay

Profitability is a company's ability to make profits in relation to sales, total asset, and equity. Companies with high profitability level tends to speed up the publication of their financial statements because it can increase the company value. The research results by Nuryanti (2018); Prameswari & Yustrianthe (2015) show that profitability affects audit delay. Companies that suffer losses tend to require an auditor to start the slower auditing process than usual (Subekti & Widiyanti, 2004). This shows that the higher the company profitability, the shorter the audit delay is, and vice versa. Companies with low profitability tend to experience longer audit report issuance (Ashton et al., 1987). Based on this thought, then the second hypothesis is formulated as follows:

H1 : Profitability level affects audit delay.

Effects of Solvability on Audit Delay

Solvability is the company ability to fulfill all financial obligations when the company is liquidated. The results of Hakiki (2018) research show that company solvability has a significant effect on audit delay. A high solvability ratio results in the length of time required for completing the audit. High amount of debt will lead to a relatively longer audit process. In such auditing process condition, auditors need to be more careful and thorough because this concerns the company survival. This shows that the higher the company solvability, the longer the audit delay and vice versa. Based on this thought, the third hypothesis is formulated as follows:

H2 : Solvability level affects audit delay.

Effects of Company Size on Audit Delay

Research results of Apriliane (2015); Hakiki (2018); Nuryanti (2018) state that audit delay is affected by the company size, which means the audit delay will be longer if the audited company is large. This relates to the increasing number of samples that must be taken and the audit process of larger companies takes more time than smaller companies. Management of a large-scale company tends to be given an incentive to reduce audit delay as large companies are supervised very closely by investor, government, and capital supervisory agencies. Therefore, there is higher external pressure to announce the audited financial statements earlier (Subekti & Widiyanti, 2004). The larger the company size, the shorter the audit delay is. Based on this thought, then the first hypothesis is formulated as follows:

H3 : Company Size affects audit delay.

Method

The population is the entire object of research and meets certain characteristics (Bahri, 2018). The research population is transportation and logistics companies listed on the Indonesia Stock Exchange for the 2019-2020 period. Sampling based on criteria:

1. Transportation and logistics company listed on the Indonesia Stock Exchange and consistent during the 2019-2020 period.

2. Reporting on companies that publish audited financial statements.

3. Expressed in rupiah currency.

Table 1 Sample Selection Procedure

Kriteria	Jumlah
Perusahaan transportasi dan logistik yang terdaftar di BEI tahun 2022	30
Perusahaan yang konsisten dalam menyajikan laporan keuangan pada periode 2019-2021	(4)
Perusahaan yang tidak menggunakan mata uang rupiah dalam menyajikan laporan keuangannya	(3)
Perusahaan yang tidak menerbitkan laporan keuangan yang telah diaudit & laporan audit independen	(3)
Laporan keuangan yang dinyatakan dengan mata uang rupiah dan sebagai sampel penelitian	20

After the criteria are determined and the sample selection process is carried out, the number of samples obtained is as many as 20 transportation and logistics companies. The research period is 3 years, the number of data is n = 60.

Operational Definition of Variabels

1. Profitability is proxied by return on assets (ROA). ROA is a measurement of the efficiency of assets in obtaining profits by comparing net income after tax with total assets (Muslichah & Bahri, 2021) ROA formula:

$$\text{ROA} = \frac{\text{Laba bersih}}{\textit{Jumlah Aset}} \quad \text{......}(1)$$

2. Solvency is proxied by debt to equity ratio (DER). DER shows the amount of debt borne by the entity in the capital structure. Menurut (Muslichah & Bahri, 2021) DER formula:

$$\text{DER} = \frac{\textit{Kewajiban}}{\textit{Ekuitas}} \quad \text{......}(2)$$

3. Company size is proxied based on the number of assets owned (Fitriana & Bahri, 2022). Formula Company Size:

Ukuran Perusahaan = LNTotal Aset ......(3)

Result

Normality Test

Data normality is a test of data distribution by taking into account the level of spread under the normal curve or not with a one-sample Kolmogorov-Smirnov approach with a statistical test value of 0.156 and a significance of 0.026 with the conclusion that the residual data is normally distributed.

Coefficient of Determination

The multiple R value in the table is 0.840 which is far from 1, meaning that the relationship between ROA, DER, Ln, and ARL is weak. The R Square value of 0.007 explains the ARL value of 0.007. So ARL is only explained by 0.007 by the variables ROA, DER, Ln. The Adjusted R Square value of -0.046 is the value of the ability of the ROA, DER, Ln variables to explain the ARL variable.

Autocorrelation

The autocorrelation test value with Durbin-Watson (DW) with a significance of 5% in the table shows the number 1.672. The number of samples n = 61, and the number of variables k = 3. The value of dL = 1.4797 and the value of dU = 1.6889. The DW value to the dL value is 1.672 < 2.5203 and the DW value to the dU value is 1.941 < 2.3111. The DW value is in the area where there is no autocorrelation so there are no symptoms of autocorrelation.

Multicollinearity

Value of Variance Inflation Factor (VIF) variable ROA = 1.060, DER = 1.007, Ln = 1.053. The VIF value of the three independent variables is < 10 or not above 10 so that there is no multicollinearity between each independent variable in the regression model.

Multiple Linear Regression

The constant 92.594 shows the ARL value if there are no ROA, DER, and Ln variables. The positive constant value is assumed that the ARL value will increase by 92.594 when the independent variable is constant. The ROA value of -7.276 is negative indicating an inverse relationship to ARL. If ROA increases by one unit, ARL will decrease by 7.276 and vice versa. A DER value of 0.095 is positive indicating a unidirectional relationship with ARL. If DER increases by one unit, ARL will increase by 0.095 and vice versa. The Ln value of 0.958 is positive indicating a unidirectional relationship with ARL. If Ln increases by one unit, ARL will increase by 0.958 and vice versa.

Hypothesis

The ROA variable with a significance of 0.771 < 0.050 means that ROA has no effect on ARL so that the first hypothesis is rejected. DER variable significance 0.876 > 0.050 then DER has no effect on ARL so that the second hypothesis is rejected. Variable Ln significance 0.644 > 0.050 then Ln has no effect on ARL so that the third hypothesis is rejected.

Discussion

Effects of Profitability on Audit Delay

The effect of profitability on audit delay shows a significance value of 0.771 > 0.05. These results indicate that profitability has no significant effect on audit report lag, so the first hypothesis is rejected. The greater the company's profit, the faster the audit process is carried out, but changes in the level of profit have no significant effect on audit report lag. Companies that experience losses tend to require auditors to start the audit process longer than usual. The results of the study support Hakiki's (2018) findings that profitability has no effect on audit delay. Audit delay is not significantly affected by the level of company profits because the audit process for companies with small profits is no different from the audit process for companies with large profits. Companies that experience both small and large profits tend to speed up the audit process. However, the results of this study are different from the findings of Nuryanti (2018); Subekti & Widiyanti (2004) that profitability has an effect on audit delay.

Effects of Solvability on Audit Delay

The effect of solvency on audit report lag shows a significant value of 0.876 <0.05. The results showed that solvency had no significant effect on audit report lag, so the second hypothesis was rejected. The high solvency ratio results in the length of time required to complete the audit. The results of the study support the findings of Sari (2017) that solvency has no effect on audit report lag. A higher amount of debt owned by the company will lead to a relatively longer audit process. This is because the audit is processed, the auditor needs to be careful and thorough because it relates to the survival of the company. This shows that the higher the company's solvency, the longer the audit delay and vice versa.

Effects of Company Size on Audit Delay

The effect of firm size does not affect theaudit report lag shows a significance value of 0.644 > 0.05. The results showed that firm size had no significant effect on audit report lag and the third hypothesis was rejected. The value of company size in this study does not affect audit report lag because the sample used is a company listed on the Indonesia Stock Exchange supervised by investors, capital supervisory agencies, and the government. This study's results support the findings of Sari (2017); Wijaya (2019) that firm size has no effect on audit delays. However, this study does not support Apriliane's (2015) findings; Hakiki (2018); Nuryanti (2018); Subekti & Widiyanti (2004) that the size of the company has a negative and significant effect on audit delay, meaning that the audit delay will be longer if the size of the company to be audited is larger.

Conclusion

The results show that profitability has no effect on audit report lag because the audit process of companies with high levels of profitability is different from companies with low levels of

profitability. Solvency has no effect on audit report lag. The size of the company does not affect the audit report lag because the size of the company does not determine the length of the audit process.

Reference

Bahri, S. 2017. "Faktor-Faktor Yang Mempengaruhi Kebijakan Dividen (Studi Pada Perusahaan Manufaktur yang Terdaftar di BEI". *Jurnal Riset Akuntansi & Komputerisasi Akuntansi*, *8*(1): 63–84.

Bahri, S. 2018. Metodologi Penelitian Bisnis Lengkap dengan Teknik Pengolahan Data SPSS. Andi.

Deasy, I. 2020. "Pengaruh Likuiditas, Solvabilitas Dan Ukuran Perusahaan Terhadap Audit Report Lag". *Jurnal Ilmiah Akuntansi Dan Finansial Indonesia*, *4*(1): 27–40. https://doi.org/10.31629/jiafi.v4i1.2697.

Fitriana, D. E., & Bahri, S. 2022. "Pengaruh Rasio Keuangan, Ukuran Entitas, dan Ukuran KAP Terhadap Audit Report Lag". *Owner*, *6*(1): 964–976. https://doi.org/10.33395/owner.v6i1.704.

Jensen, M. 1976. "Racial diversity and its asymmetry within and across hierarchical levels: The effects on financial performance". *Human Relations*, *72*(10): 1671–1696. https://doi.org/10.1177/0018726718812602.

Muslichah, S. B. 2021. Akuntansi Manajemen (Teori dan Aplikasi).

Naftali. 2022. "Pengaruh Ukuran Perusahaan , Profitabilitas , Solvabilitas dan Kualitas Audit Terhadap Audit Report Lag (Studi Empiris Pada Perusahaan Manufaktur Sektor Aneka Industri Yang Terdaftar di Bursa Efek Indonesia Periode 2018 – 2020". *1*.

CONSTRAINTSOF E-COMMERCE IMPLEMENTATION IN THE MIDDLE OF THE COVID-19 PANDEMIC IN INDONESIA

Rahmi Handayani SE., M.S.Ak
Muhammadiyah Jambi University

Deby Aisyah Rj Nur, SE., MM
Muhammadiyah Jambi University

Aulia Yunicha Harly, SE., MM
Muhammadiyah Jambi University

Septini Kumalaputri, SE., MBA., CFP
Muhammadiyah Jambi University

Email Correspondence: debyaisyah8@gmail.com

ABSTRACT

This paper aims to examine the implementation of e-commerce in Indonesia, especially on the obstacles faced in the midst of the Covid-19 pandemic. The study used a qualitative approach, with data collection techniques in the form of literature studies from journals, news, books, and other related research reports. The results of the study show that the obstacles to the implementation of e-commerce in Indonesia mainly include two things, namely technical constraints and non-technological constraints. Technical constraints such as the absence of standard standards regulating the quality of e-commerce , security and reliability of the system being built, bandwidth issues , and web server specifications, especially in dealing with network problems. Constraints in terms of non-technology among absence of government regulations that regulate the commercial transactions through e-commerce in the middle of the virus Covid19, the perception that e-commerce is unsafe and expensive, and the attitude of businesses are waiting for the condition of e-commerce become stable before participating participate. To anticipate these obstacles, the Indonesian government can take the experience of organizing e-commerce in the United States, which sees e-commerce activities as universal activities, which in its development planning include e-commerce business actors and make regulations and incentives for SME companies so that they can grow into large companies .

KEYWORDS: Economic, E-Comerce, Covid-19

Introduction

The rapid development of information technology has resulted in the transformation of human life activities in various fields during the Covid-19 pandemic. The presence of technology is becoming increasingly important and forces us to always act quickly, practically, effectively and efficiently, especially in carrying out transaction processes. Companies and service providers respond to the need for a fast, practical, effective and efficient transaction process by providing easy access to information and connecting goods and services providers with their consumers through the application of modern information technology applications, such as *e-commerce* technology .

The facts show that the level of internet users in Indonesia from year to year has increased quite rapidly. From data released by an *e-marketer* survey institute in 2017, internet users in Indonesia are in sixth position in the world out of 25 countries surveyed by this institution (eMarketer, 2014). The predictive data for internet users in Indonesia in 2018 released by *e-marketers* is not much different from the data released by the Indonesian Internet Service Providers Association (APJII) which states that data on internet users in Indonesia in 2015 reached 88.1 million users, or an increase of 34.9% compared to 2013. With the increasing number of internet users in Indonesia, this could become a market opportunity for businesses to take advantage of cyberspace as a land to develop their business.

Don Tapscott sees that this revolutionary internet development phenomenon can change future business processes into an economic activity that is different in format from the traditional economy, or create a phenomenon known as the *digital economy* . Along with the increasing number of users the internet which indicates the greater the benefits that are felt by the presence of the internet, it is very possible that the development of the business world in the future will be increasingly colored by various digital economic activities. (Myilswamy, K., 2016: 14).

The traditional economy with conventional methods, where customers come to the store to make purchase transactions is felt less efficient during the Covid-19 pandemic, which requires us to do a lot of activities at home. In the future it will turn into a digital economy where customers do not have to bother to come to the store and queue when making a purchase transaction, simply by using a computer or *mobile phone* that is connected to the internet in any location so that buyers can easily and quickly make purchase transactions.

This is what then becomes the advantage of digital economic activity and becomes a big attraction for consumers to make *e-commerce* buying and selling transactions . Data released by *The Wall Street Journal* magazine in StartUpBisnis.com (2014) states that the development trend of Indonesian *e-commerce* from year to year will continue to increase. The number of *e-commerce* transactions *in* Indonesia with the type of *Business to*

CONSTRAINTSOF E-COMMERCE IMPLEMENTATION IN THE MIDDLE OF THE COVID-19 PANDEMIC IN INDONESIA

Customer (B2C) transaction in 2013 was US $ 1.79 million and continued to increase in the following years to US $ 2.60 million in 2014, 3.56 million US $ in 2015 and in 2016 it is estimated to reach 4.89 million US $. This sales transaction value can be said to be relatively small compared to China, Japan, South Korea and India. However, it still shows that the development of *e-commerce* transactions in Indonesia is quite significant from year to year. This is what can be an attraction for the business world to look at the *e-commerce business* . *E-commerce* business activities in Indonesia can be said to be relatively new. So that there are still many shortcomings found in its implementation. These deficiencies range from infrastructure and information technology as well as inadequate internet networks, regulations / regulations that are still not comprehensive enough, to the problem of tax collection on *e-commerce* transactions . On this basis, the authors are interested in conducting studies on the constraints of implementing *e-commerce* in Indonesia. This paper will also present a comparative study of the implementation of *e-commerce* in several countries which can be said to already have a good basis for the implementation of an *e-commerce business* .

Method

The method used in this study is a qualitative approach. A qualitative approach in scientific terms will go through various stages of thinking, starting with thinking inductively (by capturing various facts or social phenomena). The next stage is to collect data to be analyzed and to theorize the data collection that has been done (Bungin, 2007: 6). The qualitative research style seeks to construct reality and understand its meaning. Thus, qualitative research is usually very concerned about processes, events and authenticity (Somantri, 2005: 58) The data collection technique in this review uses literature studies, meaning that it uses secondary data obtained from various scientific articles in the form of news articles, journals, and related research reports to be further processed and analyzed in relation to the problem being studied.

Result

The term *'digital economy* ' was first coined by Don Tapscott in 1995 in a best-selling book entitled *The Digital Economy: Promise and Peril in the Age of Networked Intelligence* . When he wrote the book 20 years ago, he declared that the internet would completely change the nature of business and government. Digital technology is rapidly changing business practices, economies and society.

The digital economy, sometimes also called "digital business" has become a philosophy for many teams of top executives as they seek a competitive advantage in a world that is moving rapidly with changing technology. When we talk about digital technology, we are not only talking about the internet, or just *ICT* (information and communication technology), but other

CONSTRAINTSOF E-COMMERCE IMPLEMENTATION IN THE MIDDLE OF THE COVID-19 PANDEMIC IN INDONESIA

concepts such as cellular telephony, telecommunications or content (Mochón, F. & Gonzalvez, JC, 2015). A very big revolution in the field of business is how there is a significant change in the concept of the market. The big and fundamental changes offered by *e-commerce* make it a very potential economic activity for countries around the world. With its global reach, in the sense that traders or buyers can come from all over the world, universality aspects will be the basic foundation for the formation of this *e-commerce* activity . All countries around the world still have the same opportunity to become major players in this *e-commerce business* , it remains how these countries provide facilities with infrastructure devices and regulations that support the creation of conditions that are conducive to the development of activities and actors. *e-commerce* to get involved in it. The next question is what about the conditions of *e-commerce* activities in Indonesia.

E-Commerce Implementation Constraints in Indonesia

Julisar and Eka Miranda (2013) explain that *e-commerce* activities in Indonesia still have limitations. These limitations include limitations in terms of technology, including the absence of a standard standard regarding the quality, security and reliability of systems used in *e-commerce, bandwidth* issues , and requiring a *web, server* , especially for dealing with network problems. Other limitations are in terms of non-technology, including the absence of government regulations regarding trade transactions through *e-commerce* , the perception that *e-commerce* is unsafe and expensive, and many buyers and sellers are waiting for the *e-commerce* ecosystem to become stable for them to be able to. participate.

The role and concern of the government are essential to support the success of *these e-commerce* activities. Tit for tat, under the administration of Joko Widodo, he really cares about the development of the creative economy and sees this field as having great potential for future economic growth in Indonesia. Concern current administration has been shown to begin to catch up related to the problem *of bandwidth* by deploying broadband infrastructure (*broadband*), both *fixed broadband* and *mobile broadband* , including the implementation of a four-generation technology (4G). The target is quite ambitious, according to the RPI (Indonesia's Broadband Plan), as many as 135 cities and districts will be connected by 2019. (Hidranto, 2015) For now, the implementation of *e-commerce* activities in Indonesia refers to Law No. 11 of 2008 concerning Information and Electronics (UU ITE). One of the goals of the issuance of the ITE Law is to provide legal certainty and protection for players in the *e-commerce* sector . However, it seems that this law has not been able to achieve this goal.

This inability can be seen from the absence of a specific definition for *e-commerce* in the ITE Law, because electronic trading activities mentioned in the ITE Law are "electronic transactions". In fact, the definition of "electronic transactions" as stated in Article 1 paragraph (2) of the ITE Law is very broad, namely legal actions that are carried out using computers, computer networks, and / or electronic media other. In comparison, the Trade

CONSTRAINTSOF E-COMMERCE IMPLEMENTATION IN THE MIDDLE OF THE COVID-19 PANDEMIC IN INDONESIA

Law understands *e-commerce* as "trade through an electronic system", namely trade whose transaction process is carried out through a series of electronic devices and procedures (Article 1 Number 24 of Law no.7 of 2014 concerning Trade). (klikkonsul, 2016)

In addition, many provisions in the ITE Law are still "empty" and therefore require implementing regulations. Some of them are closely related to the development of *e-commerce* activities , such as provisions regarding the implementation of electronic transactions. Apart from other provisions regarding electronic transactions in Chapter V, the ITE Law still mandates the issuance of a Government Regulation to regulate the implementation of electronic transactions in the public or private sphere. However, the ITE Law does not explain the scope of the operational provisions that can be regulated in this Government Regulation (Article 17 and the explanation in the ITE Law). (klikkonsul, 2016)

The next thing is the provisions regarding reliability certification bodies and electronic certification providers. The ITE Law regulates that every business actor conducting electronic transactions can be certified by a reliability certification body. The institution is an independent institution formed by professionals to audit and issue reliability certificates in electronic transactions, whose activities must be legalized and supervised by the government (Article 10 of the ITE Law). (klikkonsul, 2016) Reliability certificate is evidence that a business actor trading electronically is fit to do business, after going through an assessment and audit from an authorized body (explanation of Article 10 of the ITE Law). The existence of a reliability certificate institution is clearly important to provide a measure of the feasibility of business actors in the *e-commerce* sector and ultimately increase trust the public in transacting through electronic systems. (klikkonsul, 2016)

In line with the above provisions, the ITE Law also mandates the issuance of Government Regulations regarding electronic certification providers, namely legal entities that provide and audit electronic certificates. This certificate contains an electronic signature and identity that shows the legal subject status of the parties in electronic transactions. Same as with the certificate of reliability, the electronic certificate is also important to improve certainty in the transaction *e-commerce* and prevent the misuse of data from participants in electronic commerce activities. (klikkonsul, 2016). Meanwhile, a derivative Government Regulation that specifically talks about electronic transactions, namely Government Regulation (PP) Number 82 of 2012 concerning the Implementation of Electronic Systems and Transactions is also felt to be still not conducive to the growth and development of *e-commerce businesses* in Indonesia. PP Number 82 of 2012 is considered to be less convenient for small and medium enterprises (UKM) in organizing *e-commerce* . In addition, this regulation is also considered to make the adoption of *online* trading transactions difficult . The first problem with the drafting of this PP regulation is related to the balance between regulation and incentives. The government is expected to provide incentives to increase revenue for internet-based companies that are still pioneering. Regarding this, Indonesia can see the implementation in

CONSTRAINTSOF E-COMMERCE IMPLEMENTATION IN THE MIDDLE OF THE COVID-19 PANDEMIC IN INDONESIA

Singapore which is very focused on building a digital business ecosystem, through providing financial assistance to newly established digital-based companies (*startups*) in order to develop products. (Kompastekno, 2013). The second issue in the context of Government Regulation Number 82 Year 2012 and its relationship with *e-commerce* is the clarity of the definition of electronic transactions and public services in the PP. In the *e-commerce business* , there are several activities and business models related to electronic transactions, such as classifieds / forums, *marketplaces* , *online retail* , *daily deals* , and *price comparisons / aggregators* . So that the actors ask for clarity on which stages in *e-commerce* are considered electronic transactions. To respond to this issue, the Directorate General of Taxes (DGT) has prepared a formulation through the Director General of Taxes Circular No. 62 / PJ / 2013 which maps four *e-commerce* transaction models , namely: *online marketplaces* , *classified ads, daily deals* , and *online retail.*

The *online marketplace* model is an activity to provide a place for business activities in the form of an internet shop for *merchants* to sell goods / services. In this transaction model, there is a fee in the form of *rent fees* or registration fees, for providing a place and / or time to display advertisements for goods / services, as well as making sales at internet shops via internet malls. In addition, there is an amount of money paid by *merchants* to *marketplace* organizers as a commission for intermediary services for payments on sales of goods / services. *Classified ads* transaction model is the activity of providing a place and / or time to display advertisements of goods / services carried out by advertisers through sites provided by the *distribution* of *classified ads.* Advertisers will pay a sum of money as a transaction fee to the organizer which is the object of PPh and VAT. The third transaction model is *daily deals,* similar to a *marketplace* but the payment instrument used is in the form of *vouchers* . Meanwhile, the fourth transaction model, namely *online retail,* is an activity to sell goods / services directly by *online retail* operators to buyers on the organizers website. In the four models of *e-commerce* transactions , there is payment of rewards or income for buying and selling of goods / services which are the objects of Income Tax (PPh) and Value Added Tax (VAT) which will be taxed according to the applicable tax regulations.

The third issue that arises in the context of Government Regulation No. 82/2012 and its relationship with *e-commerce* is related to the use of *data centers* in Indonesia. Business people *online* say that taking *a data center* in Indonesia cost can be twice as expensive than the *data center* outside the country. The last issue to be highlighted is the obligation to use the Indonesian country code domain or .id (dot id). This is done to minimize cybercrime and reduce the number of fraud by fake *e-commerce* . However, not all *e-commerce* entrepreneurs agree with this plan. Tokopedia founder and CEO, William Tanuwijaya, argues that the use of local domains will make it difficult for *e-commerce* sites to compete at the global level.

Discussion

Comparison of *e-commerce* implementation in several countries

Regarding the problem with the absence of government regulations regarding trade transactions through *e-commerce* , the government can learn this from the United States or China which already have *e-commerce* rules. Reflecting on the United States of America, the government takes a fundamental policy which is the reference in designing and building *e-commerce* activities in that country. On July 1, 1997, the Clinton Administration submitted a proposal entitled " *A Framework for Global Electronic Commerce* " which outlines 5 (five) basic principles which are expected to become the main guidelines (*core principles*) for establishing *e-commerce* policies in America. In general, the five policy principles are as follows (Thierer, 2012).

The first principle is " *the private sector should lead* " (Thierer, 2012). This principle is built on the assumption that it is the private sector (the community) who must stand at the front and lead various things related to *e-commerce* business). The government is not a business entity because its main objective is to maximize welfare, so that the role of government is only as a driving force for the growth and development of *e-commerce* activities .

The second principle is " *governments should avoid undue restrictions on electronic commerce* ". (Thierer, 2012) This principle is built by looking at the similarity between the objectives of free trade (market globalization) and the characteristics of the internet, namely its tendency to form the most optimum and efficient trading mechanism. The limitation of the *e-commerce* mechanism with too many regulations by the government will actually backfire in the form of not achieving the effectiveness and efficiency offered by *e-commerce* .

The third principle is " *where governmental involvement is needed , its aim should be to support and enforce a predictable, minimalist, consistent and simple legal environment for commerce* ." (Thierer, 2012). This third principle would like to say that when one day the private sector feels the need to get "assistance" from the government because of the fundamental losses due to various new phenomena that arise at a later date, the government will get involved by adhering to the principle of establishing an electronic business environment. which is conducive; so that principles such as consistency and simplicity of regulations are put forward. The fourth principle is " *governments should recognize the unique qualities of the Internet and appreciate its decentralized nature and tradition of bottom-up governance* ." (Thierer, 2012). The understanding of this fourth principle is that once again the government must be able to better understand the characteristics of the internet and cyberspace. The government must design and build rules that are *bottom up planning* that involves the private sector (entrepreneurs) therein to build *e-commerce* regulatory designs .

CONSTRAINTSOF E-COMMERCE IMPLEMENTATION IN THE MIDDLE OF THE COVID-19 PANDEMIC IN INDONESIA

The fifth principle is " *electronic commerce on the Internet should be facilitated on a global basis because the Internet is a global marketplace and the legal framework supporting commercial transactions should be consistent and predictable regardless of the jurisdiction in which a particular buyer and seller reside* ". (Thierer, 2012). The understanding of this fifth principle is that the internet is a global and virtual trade arena, so it is a fatal mistake to try to facilitate an *e-commerce business* using a local or regional approach.

Related to the basic principles that underpin the main grip for setting policy *e-commerc* e in America and given the conditions of the activities *of e-commerce* the main grip is still relevant today. This is because many large companies that were originally *start-up* companies can grow and develop after engaging in *e-commerce* activities . An *e-commerce* company from China, Alibaba Group, for example, can be an example of how this company was originally an *e-commerce start-up company* that later grew into a giant company supported by a conducive business climate. The same thing also happens in Indonesia, many *start-up* companies , especially SMEs, are taking advantage of *e-commerce* activities as a forum to market their products so as to gain benefits, namely a wide marketing reach In addition, China implements that internet content materials are controlled by local players. However, local authorities do not require websites to use local domains, with the intention that they can compete with global players using the .com domain. (Kompastekno, 2013).

Conclusion

The potential for the development of *e-commerce* in Indonesia is enormous. This can be seen from the development of buying and selling transactions through *e-commerce* which has increased from year to year. With the increasing volume of transactions in *e-commerce,* it will affect the Indonesian economy, both directly and indirectly. Judging from the large potential contribution of the *e-commerce* sector to the country's economy, the government should pay more attention to building and developing its ecosystem.

Several obstacles related to the implementation of *e-commerce* which are still relatively new in Indonesia include technical and non-technological problems. Technical problems such as the absence of a standard regulating the quality of *e-commerce* , security and reliability of the system being built, *bandwidth* issues , and *web server* specification criteria . Limitations in terms of non-technology include the absence of government regulations regarding the mechanism of trade transactions through *e-commerce* , the perception that *e-commerce* is unsafe and expensive, and many business people waiting for *e-commerce* to stabilize before participating. These constraints are the duty and responsibility of the Indonesian government to be addressed if it wants to advance the *e-commerce* sector and increase its contribution to the country's economy .

Reference

Bungin. 2007. Qualitative Research . Jakarta: Kencana Prenada Media Group.

eMarketer. 2014. "Internet to Hit 3 Billion Users in 2015". Retrieved (http://www.emarketer.com/Article/Internet- Hit-3-Billion-Users-2015/1011602).

Hidranto. 2015. "SPECTRUM: Digital Economy Pedestal Pertumbuhan".Retrieved (http://koran.bisnis.com/read/20150512/270/4 32340 / spectrum-economic-growth digital-tumpuan-)

Julisar & Miranda, E. 2013. "Use of E-Commerce for Small and Medium Enterprises to Increase Competitiveness". *ComTech* , 4(2): 638 - 645.

Kompastekno. 2013. "4 Main Issues of Online Shop Business in Indonesia". Retrieved (http://tekno.kompas.com/read/2013/05/08/13 01300/4.isu.utama.bisnis.toko.online. di.indon esia).

Mochón, F. & Gonzalvez, JC. 2015. "Special Issue on Digital Economy". *International Journal of Artificial Intelligence and Interactive Multimedia* , 3(2): 1 - 3.

Myilswamy, K. 2016. "Digital Economy". *International Journal of Multidisciplinary Research and Development* , 3(3): 14-16.

Somantri, GR 2005. "Understanding Qualitative Methods". *Journal of Social Humanities Makara* . 9(2): 57 -65.

StartUpBisnis.com. 2014. "Statistical Data Concerning Current Growth of E- Commerce Market Share in Indonesia". Retrieved (http://startupbisnis.com/data- statisticsregarding-growth-market-share-e-commerce-in-Indonesia-currently /z).

Thierer. 2012. "15 Years On, Presiden Clinton's 5 Principles for Internet Policy Remain the Perfect Paradigm".

Traver & Laudon. 2014. E-commerce: Business, Technology, Society . 10th ed. Edinburgh Gate: Pearson Education.

THE EFFECT OF LEADERSHIP STYLE AND WORK CULTURE ON EMPLOYEE PERFORMANCE PT JAPFA COMFEED INDONESIA TBK UNIT DAMPIT MALANG

Muhammad Syafiudin

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Rifki Hanif

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Chung Jaesup

Thai Global Business Administration Technological College, Thailand

Email Correspondence: muhammadsyafiudin139@gmail.com

ABSTRACT

This research aims to determine the effect of leadership style and work culture on employee performance. The method used in this research is quantitative research. The data analysis technique used in this study is multiple linear regression analysis which is intended to describe the influence between the variables involved in quantitative research. The population in this study were all employees at PT Japfa Comfeed Indonesia TBK Dampit Malang unit. The sample in this study was 60 respondents using the saturated sampling method. The instrument in this study used SPSS version 23 software. The results of this study indicate that there is a simultaneous influence between leadership style and work culture on employee performance. While partially leadership style and work culture affect employee performance. leadership style is the same perspective between leaders and employees, so leaders can control and direct employees to one vision and one mission in order to improve their performance results. While the work culture, employees who have the awareness and willingness to obey all the rules and social norms that apply in the company without any coercion will provide motivation and enthusiasm so that it will further support employee performance in a better direction.

KEYWORDS: Leadership Style, Work Culture, And Employee Performance

THE EFFECT OF LEADERSHIP STYLE AND WORK CULTURE ON EMPLOYEE PERFORMANCE PT JAPFA COMFEED INDONESIA TBK UNIT DAMPIT MALANG

Introduction

In the current era of globalization, economic growth in Indonesia is increasing rapidly, this directly has an impact on increasingly fierce competition among companies. A company is very dependent on the ability to utilize existing resources within the company to carry out work tasks within a directed framework for organizational development. The success of all work tasks of a company is largely determined by the availability of quality human resources, two of the factors that support the company's progress are leadership style and work culture. To achieve common goals, companies are expected to be able to meet the demands of operating as effectively and efficiently as possible in order to survive in the face of competition. In an effort to carry out effective leadership, in addition to having the ability and skills in leadership, a leader must apply a leadership role to manage the performance of his employees, because a leader will greatly affect success in the company. A leader must be wise in dealing with all the problems that are happening within the company. If an attitude arises in the spirit of work and the company's employees, then this is a starting point for a good enthusiastic attitude towards employee performance for the next level

According to Triguno (2003), work culture is a philosophy based on a view of life as values that become traits, habits and driving forces, entrenched in the life of a community group or organization, then reflected from attitudes into behaviors, beliefs, ideals. , opinions and actions that manifest as work or temporary work according to Nawawi (2003), work culture is a habit that is carried out repeatedly by employees in an organization. that the habit is a habit that must be adhered to in the context of carrying out work to achieve goals. By establishing good relationships within a company, either by superiors to subordinates or vice versa, it will make a very important capital and even affect the continuation of working conditions within the company. A good work culture in a good company will improve the progress of the company, therefore as a leader must have the ability to create a good work culture within the company. Employees are required to be able to complete their duties and responsibilities effectively and efficiently. Employee success can be measured through customer satisfaction, reduced number of complaints and achievement of the specified target.

THEORITICAL REVIEW

Leadership is the backbone of organizational development because without good leadership it will be difficult to achieve organizational goals. If a leader is trying to influence the behavior of others, then that person needs to think about his leadership style. According to Robert in Galih (2015) Leadership Style is how a leader carries out his leadership function and how he is seen by those he is trying to lead or those who may be observing from the outside. James et. al. (1996) said that leadership styles are various patterns of behavior favored by leaders in the process of directing and influencing workers. According to Tampubolon (2007) leadership style is behavior and strategy, as a result of a combination of philosophies, skills, traits, attitudes,

which are often applied by a leader when he tries to influence the performance of his subordinates. According to Triguno (2003), work culture is a philosophy based on a view of life as values that become traits, habits and driving forces, entrenched in the life of a community group or organization, then reflected from attitudes into behaviors, beliefs, ideals. , opinions and actions that manifest as work or work. Performance is the result of work in quality and quantity that can be achieved by an employee in carrying out tasks in accordance with the responsibilities given to him. According to T. Hani Handoko (2001: 235), performance appraisal is a process through which organizations evaluate or assess employee performance. This activity can improve personnel decisions and provide feedback to employees on their work performance. Meanwhile, according to Rivai and Basri (2005) performance is the willingness of a person or group of people to carry out an activity and perfect it according to responsibilities with the expected results. Based on the opinions of these experts, it can be concluded that the assessment of work performance (performance) is an assessment that is carried out systematically to determine the results of employee work and organizational performance. Besides that, it is also to determine appropriate job training, provide a better response in the future and as a basis for determining policies in terms of promotion and determination of rewards. The purpose of research on work performance (performance) is to improve or improve the organizational performance of the organization's human resources

Method

The place of research and data collection in the context of compiling this research was carried out at PT Japfa Comfeed Indonesia Unit Dampit, having its address at Pamotan, Dampit, Malang Regency. The type of research used in this research is quantitative research, namely the type of research that uses a research design based on statistical procedures or by other means of quantification to measure the research variables. The data used in this study the authors use two sources of data including primary data and secondary data. The population in this study were all employees of PT. JapfaComfeed Indonesia Dampit unit. This study is a population study, so in this study the sample used was 60 employees of PT. Japfa Comfeed Indonesia Dampit unit. In this study, research techniques and instruments in the data collection process were carried out by several techniques, namely documentation, interviews and questionnaires. Y.W Best (2010) states that the so-called research variables are conditions or serenteristics that researchers manipulate, control or observe in a study. Each answer to the question given by the respondent is measured using a Likert scale, which is a scale used to measure attitudes, opinions and perceptions of a person or group of people about social phenomena.

Hypothesis

H1 : How does the influence of leadership style on employee performance at PT. Japfa Comfeed Indonesia Tbk?

H2 : How does work culture influence employee performance at PT. Japfa Comfeed Indonesia Tbk?

H3 : How does the influence of leadership style and work culture on employee performance at PT. Japfa Comfeed Indonesia Tbk?

Result

Table 1. Validity Test Results

Item	R-Count	R-Tabel	Sig.(2-tailed)	A	Conclusion
$X_1.1$	0,887	0.254	0.000	0.05	Valid
$X_1.2$	0,948	0.254	0.000	0.05	Valid
$X_1.3$	0,927	0.254	0.000	0.05	Valid
$X_1.4$	0,959	0.254	0.000	0.05	Valid
$X_2.1$	0,896	0.254	0.000	0.05	Valid
$X_2.2$	0,911	0.254	0.000	0.05	Valid
$X_2.3$	0,936	0.254	0.000	0.05	Valid
$X_2.4$	0,796	0.254	0.000	0.05	Valid
Y.1	0,809	0.254	0.000	0.05	Valid
Y.2	0,772	0.254	0.000	0.05	Valid
Y.3	0,655	0.254	0.000	0.05	Valid
Y.4	0,873	0.254	0.000	0.05	Valid
Y.5	0,391	0.254	0.000	0.05	Valid
Y.6	0,569	0.254	0.000	0.05	Valid

Source: Processed IBM SPSS 22 (2022)

All question items on the leadership style variable (X1) have an rcount value greater than rtable and also have a probability value (sig) less than 0.05 so that it can be said that all question items on the leadership variable (X1) in this study are valid. All question items on the work culture variable (X2) have an rcount value greater than rtable and also have a probability value (sig) less than 0.05 so that it can be said that all question items on the work culture variable (X2) are valid. All question items on the employee performance variable (Y) have an rcount value greater than rtable and also have a probability value (sig) less than 0.05 so it can be said that all questions on the employee performance variable (Y) are valid.

Table 2. Reliability Test

Item	Cronbach's Alpha if Item Deleted	Provision	Conclusion
X1	.748	> 0.6	Reliabel
X2	.707	> 0.6	Reliabel
Y	.763	> 0.6	Reliabel

Source: Processed IBM SPSS 22 (2022)

Based on the results of the reliability test above, it is known that the Cronbach's Alpha value of each item of the three variables in this study is greater than 0.6. Therefore, it can be concluded that all variable items in the questionnaire can be said to be reliable or consistent.

Tabel 3. Test Shapiro Wilk

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Kinerja Karyawan	,160	60	,122[*]	,771	60	,375
Gaya Kepemimpinan	,141	60	,118[*]	,738	60	,360
Budaya Kerja	,138	60	,109[*]	,725	60	,354

From the results of the Shapiro Wilk normality test above, it is known that the significance value of the employee performance variable is 0.375, the leadership style variable is 0.360 while the work culture variable is 0.354. The sig value of the three variables is greater than 0.05. So it can be concluded that the data in this study are normally distributed. Thus, the assumptions or requirements for normality in the regression model in this study have been met.

Tabel 4. Multikolinearitas Test

Variabel Bebas	Toleransi	VIF	Keterangan
Gaya Kepemimpinan	0,732	1,862	Bebas Multikol
Budaya Kerja	0,732	1,862	Bebas Multikol

The results of the multicollinearity test were obtained using the Variance Inflation Factor (VIF) on the independent variables of training and skills. The value of VIF on the leadership style variable and work culture variable is 1.862, which is smaller than 10, so it can be concluded that there is no linear relationship between the independent variables.

Tabel 5. Test Heterokedakstisitas

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,329	1,264		,260	,796
	Gaya kepemimpinan	,018	,455	,038	,067	,832
	Budaya Kerja	,015	,375	,035	,062	,833

Based on the results of the Glejser test above, it can be seen that the X1 variable, namely leadership style, has a sig value of 0.832 and the X2 variable, namely work culture, has a sig value of 0.8333, in other words, the sig value of the two independent variables has a sig value greater than 0.05. work culture does not occur heteroscedasticity.

THE EFFECT OF LEADERSHIP STYLE AND WORK CULTURE ON EMPLOYEE PERFORMANCE PT JAPFA COMFEED INDONESIA TBK UNIT DAMPIT MALANG

Tabel 6. Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,583	1,245		1,289	,205
Gaya Kepemimpinan	,767	,260	,827	3,556	,000
Ketrampilan	,775	,272	,854	3,435	,000

The regression equation obtained based on the table above is

Y=1.583+0.767+0.775 1

From this equation, it can be interpreted that the constant a of 1.583 indicates that if there is no influence between the independent variables X1 (Leadership Style) and X2 (Work Culture) then the Y variable (Employee Performance) will have a positive constant value of 1.583. If the X1 variable (Leadership Style) increases by one unit, then the Y variable (Employee Performance) will increase by 0.767 and if the X2 (Work Culture) variable increases by one unit then the Y variable (Employee Performance) will increase by 0.775.

Tabel 7. Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,798[a]	,636	,624	1,58737

Based on the table above, the regression model has a coefficient of determination (Adjusted R^2) of 0.624 or 62.4%. This means that the variable Y (Employee Performance) is explained by 62.4% by the leadership style variable (X1) and work culture (X2) while the rest is explained by other variables not examined in this study.

Tabel 8. Test F

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	251,307	2	125,654	49,867	,000[b]
Residual	143,626	57	2,520		
Total	394,933	59			

By using SPSS 23 software, the F test statistic is 49.867 with a significance of 0.00. The statistical value of the Fcount test is greater than Ftable (49.867 > 2.77) and the significance is smaller than = 0.05, which is a significant value of 0.00. This test shows that H0 is rejected and H1 is accepted so it can be concluded that the variable X (Leadership Style and Work Culture) has a simultaneous influence on the Y variable (Employee Performance).

Tabel 9. Test t

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,583	1,245		1,289	,205
	Gaya Kepemimpinan	,767	,260	,827	3,556	,000
	Budaya Kerja	,775	,272	,854	3,435	,000

By using SPSS 23 software, the t-test statistic for leadership style variable is 3.556 with a significance of 0.00. The statistical value of the tcount test is greater than ttable (3.556 > 2.002) and the significance is smaller than = 0.00, which is 0.015. In this case the test for leadership style (X1) on Employee Performance (Y) shows that H1 is accepted so that it can be concluded that leadership style affects employee performance. variable X2 (Work Culture) the statistical value of the t-test was 3.435 with a significance of 0.00. The statistical value of the tcount test is greater than ttable (3.425 > 2.002) and the significance is smaller than = 0.05, which is 0.00. In this case the test for Work Culture (X2) on Employee Performance (Y) shows that H1 is accepted so that it can be concluded that Work Culture has an effect on employee performance

Discussion

From the results of data analysis of training and skills variables on employee performance at PT Japfa Comfeed Indonesia Dampit unit, it can be described as follows:

Leadership Style on employee performance
Of all the characteristics of the respondents, the respondents' responses to the statement items of the leadership style variable presented on the questionnaire, on average, the respondents answered strongly agree, agree, and are neutral. From the results of filling out the questionnaire which was filled out by 60 respondents, it can be seen that the leadership at PT. Japfa Comfeed Indonesia Dampit unit always provides work instructions that must be completed by employees and task directions from the leadership in accordance with SOPs. In addition, the leadership always provides concrete examples of job descriptions to subordinates and always involves subordinates to discuss during the work process. From the results of respondents' answers and tests conducted by researchers, it can be concluded that leadership style affects the performance of employees of PT. Japfa Comfeed Indonesia Dampit unit. The results in this study support the two previous studies conducted by Wati (2017), Aziansyah (2019) which showed that training had an effect on employee performance.

Work Culture on employee performance
Of all the characteristics of the respondents, the respondents' responses to the statement items of the Work Culture variable presented in the questionnaire, on average, the

respondents answered strongly agree, agree, and quite agree. From the results of filling out questionnaires filled out by 60 respondents, it can be seen that the work culture at PT. Japfa Comfeed is quite good, as evidenced by employees who are always present on time, employees give and receive correct information from and among partners for the benefit of the company, employees communicate politely in the work environment and employees can interact and cooperate well with other employees. From the results of respondents' answers and tests conducted by researchers, it can be concluded that work culture has an effect on the performance of employees of PT. Japfa Comfeed Indonesia Dampit Unit. The results in this study support the two previous studies conducted by Ariyani (2018) and Sumarni (2011) which show that skills affect employee performance.

Leadership Style and Work Culture on Employee Performance

Of all the characteristics of the respondents, the respondents' responses to the statement items of the Leadership Style and Work Culture variables presented on the questionnaire averaged respondents answered strongly agree, agree, and quite agree. From the results of filling out questionnaires filled out by 60 respondents, it can be seen that the leadership style of work culture at PT. Japfa Comfeed makes employee performance good as evidenced by employees always trying to carry out all work responsibly, employees trying to meet the company targets given, employees not never come late to the office, employees can complete work on time, employees complete their own responsibilities well, employees feel proud and view the company positively in any situation. From the results of respondents' answers and tests conducted by researchers, it can be concluded that leadership style and work culture affects the performance of employees of PT. Japfa Comfeed Indonesia Dampit unit. The results in this study support the two previous studies conducted by Latief (2016), Hakiki (2019) and Saputra (2017) which show that skills affect employee performance.

Conclusion

Based on the results of data analysis and discussion that has been described in previous chapters, with reference to the formulated hypothesis, it can be concluded several things as follows:

1. Leadership style affects the performance of employees of PT. Japfa Comfeed Indonesia Tbk.
2. Work culture affects the performance of employees of PT. Japfa Comfeed Indonesia Tbk.
3. Whether leadership style and work culture affect the performance of employees of PT. Japfa Comfeed Indonesia Tbk

Reference

Basri¸ A. F. M., dan Rivai¸ V.2005. Performance appraisal. Jakarta: PT Raja. Grafindo Persada.

Bernardin, A. Russel. 1998. Human Resource Management. An Expereiental Approach. Mc Garaw-Hill.

Dessler, Gary. 2006. Manajemen Sumber Daya Manusia. Jakarta : PT. Indeks

Galih Dwi Koencoro. 2013. "Pengaruh Reward dan Punishment Terhadap Kinerja (Survey pada Karyawan PT.INKA (Persero) Madiun)". *Jurnal Administrasi Bisnis,* 5(2).

Gibson, James L. et al. 1996. Organisasi: Perilaku, Struktur, Proses. Diterjemahkan oleh Ninuk Adriani. Jakarta: Binarupa Aksara.

H. Hadari Nawawi. 2003. Manajemen Sumber Daya Manusia Untuk Bisnis Yang Kompetitif. Yogyakarta: Gadjah Mada University Press.

Handoko, T. Hani. 2001. Manajemen Personalia dan Sumber Daya Manusia. Yogyakarta: BPFE.

Hasibuan, Malayu S.P. 2010. Manajemen Dasar, Pengertian dan Masalah. Jakarta: Bumi Aksara.

Hersey, Paul, Blanchard, Kenneth H.2001. Management Of Organizational Behavior, 9th ed. New Jersey : Prentice hall.

Rivai, Veithzal. 2011. Manajemen Sumber Daya Manusia untuk Perusahaan: dari Teori ke Praktik. Jakarta: Raja Grafindo Persada

Robbins, Stephen P., and Mary Coulter. 2012. Management. 11th ed. New Jersey: Prentice Hall.

Sedarmayanti. 2011. Manajemen Sumber Daya Manusia. Reformasi Birokrasi dan Manajemen Pegawai Negeri Sipil. Bandung: PT Refika Aditama.

Siswandi. 2009. Aplikasi Manajemen Perusahaan. 2nd ed. Jakarta: Mitra Wicana Media.

Tampubolon, Biatna. D. 2007. "Analisis Faktor Gaya Kepemimpinan Dan Faktor Etos Kerja Terhadap Kinerja Pegawai Pada Organisasi Yang Telah Menerapkan SNI 19-9001-2001". *Jurnal Standardisasi*. (9): 106- 115.

Triguno. 2004. Budaya Kerja: Menciptakan Lingkungan Yang Kondusif Untuk Meningkatkan Produktifitas Kerja. Jakarta: Golden Trayon Press.

EFFECT OF LEADERSHIP, REWARD, and PUNISHMENT on EMPLOYEE PERFORMANCE at MITRA10 KEBONSARI MALANG

Anggia Fitri Choirunisa

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Hari Kurniawan

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

John Eric V. Juaneza

Iloilo Science and Technology University, Phillipines

Email Correspondence: emiliaputri605@gmail.com

ABSTRACT

The purpose of this study was to determine the effect of leadership, reward, and punishment on employee performance at Mitra10 Kebonsari Malang. The sampling method used nonprobability sampling method, with the sample used as many as 69 employees of Mitra10 Kebonsari Malang. The analytical method used is multiple linear regression analysis. The results of the partially tested research show that Leadership, Reward and Punishment have a significant effect on employee performance. Simultaneous test shows that Leadership, Reward and Punishment have a significant effect on employee performance.

KEYWORDS: Leadership, Reward, Punishment, Employee Performance.

EFFECT OF LEADERSHIP, REWARD, AND PUNISHMENT ON EMPLOYEE PERFORMANCE AT MITRA10 KEBONSARI MALANG

Introduction

Human resource management is a company effort to manage the human resources owned, in order to achieve the company goals that have been set. Target company, so the main goal of all the work done by employee. However, modern HR management is no longer just focuses on meeting company targets only, but also think about how the development of each talent that is owned company. Human resources HR is an important aspect that should not be underestimated in running a company or business. Even though a company is supported by sophisticated and adequate equipment, if managed by competent human resources If it is not of high quality, then everything that has been done will be in vain. Actually, the purpose of human resource management or HRM itself varies and differs in each company. However, In general, the goal of HRM itself can be to make various policies relating to human resources and ensuring employees have high performance. Besides that, the purpose of having HRM is to ensure the company is able to achieve its business goals where it involves all employees skilled and have the will to progress.

According to Hasibuan (2003, h 244), he expressed his opinion if this Human Resources has the meaning of integrated expertise which comes from the power of thought and physical power possessed by each person person. Those who do and what are done still have close relationship such as heredity and environment. As for his work performance, he is motivated by a desire in fulfilling his wishes. Performance has a broad meaning, one of which is the result quality and quantity of work that can be achieved by a employees in carrying out their main duties and functions as employees in accordance with assigned responsibilities or given to him. According to Anwar Prabu Mangkunegara (2006:67), the notion of performance is the result of work in quality and the quantity achieved by an employee in carrying out duties in accordance with the responsibilities assigned to him. The implementation process of an organization must monitor, assessment and review of the performance of human resources in a company the organization. Through these three things, it can be known whether the performance of employees is in line with the achievement of company targets or not achieving company targets. If the target is not achieved then the company must evaluate the performance of the employee. Companies in evaluating employee performance will usually use an assessment indicator.

According to Robbins (2006), employee performance measurement is individual there are five indicators, namely: quality, quantity, timeliness, effectiveness and independence. According to Sondang P. Siagian Leadership can be defined as a person's ability to holding a position as the head of an organization or company in influencing others, especially subordinates or other work teams to achieve goals easily. Leadership is one of the functions of management to influencing, directing, motivating, and controlling others in order to carry out the planned tasks. so as to achieve the goals and objectives of the organization. Award or reward means any form of remuneration or rewards to employees and arise because of their

employment.Can be in the form of direct cash payments (wages, salaries, incentives, bonus) and can also be in the form of indirect payments (insurance, vacation at company expense) and can also be in the form of non-pecuniary rewards (flexible hours, prestigious office, more challenging jobs (Dessler, 2005). Sardiman (2011), punishment is one form of negative reinforcement that becomes a motivational tool if given appropriately and wisely in accordance with the principles of giving punishment so as to be able to improve employee performance so that more maximum in doing their job.

Basically reward and punishment are two things that opposite but have a very close attachment encourage employees to encourage and motivate employees to become better in carrying out their duties and obligations towards the work done. The purpose of the reward system and this punishment is to be able to continue to stimulate employees achievers. This system is very much needed by companies that are demanded to hire employees who are knowledge workers. Mitra10 is a building materials supermarket located on Jl. Sudanco Supriadi, Ex, Kebonsari; district. Breadfruit, Malang City which was just established 2 years ago which of course still counts as a new store branch and still has many problems One of them is about decreased employee productivity, and of course the company must immediately analyze and also take action to deal with ongoing problems so that does not disturb the stability of the company. Therefore the author raised the title "Leadership Influence, Reward and Punishment on Employee Performance at Mitra10 Kebonsari Malang" on Thesis made by the author.

Method

The population used in this study were all commercial employees of Mitra10 Kebonsari Malang. By using saturated sampling technique. Because based on this research, the population is not more than 100 respondents. Thus, it is hoped that all respondents can help carry out the research conducted by the author. There are 2 (two) types of data used in this study, namely primary data and secondary data. Primary data was obtained by distributing questionnaires to all commercial employees of Mitra10 Malang, while secondary data was
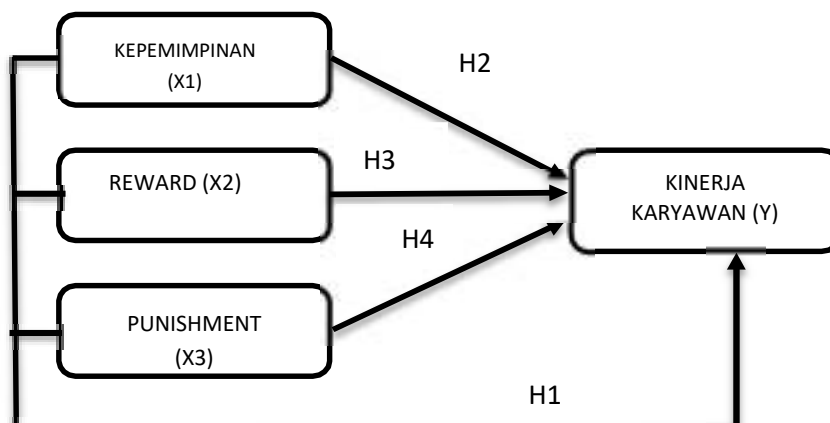
obtained through previous research journals, websites, and also information related to research conducted by the current author. Therefore, the following hypothesis is made :

H1 : Leadership, Reward, and Punishment significantly influence employee performance.

H2 : Leadership has a significant influence on performance employee.

H3 : Reward has a significant effect on performance employee.

H4 : Punishment has a significant effect on performance employee.

Result
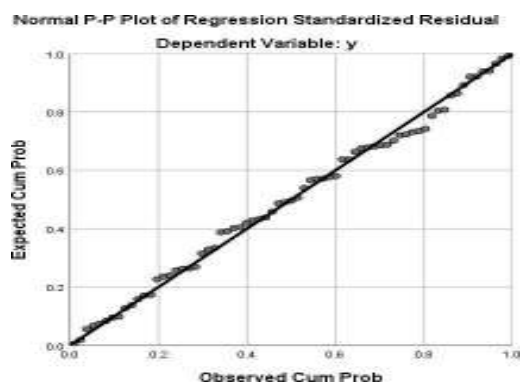
Classic Assumption Test

The classical assumption test is carried out with the aim of ensuring that the data used does not have deviations and is valid for use.
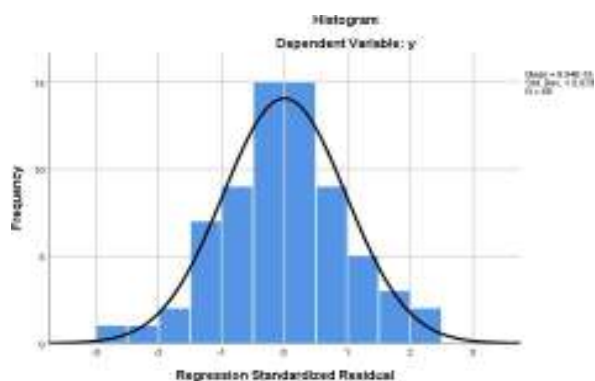
Interpretation:

The results in the normality test produce a mountain curve, it can be said that the pattern is normally distributed.

Normality Test

Interpretation:

The results in the P-Plot normality test produce a diagonal line, it can be said that the pattern is normally distributed.

Multicollinearity Test

Aims to test whether the regression model found a correlation between the independent variables (independent).

Conditions :

1. If the Tolerance value is greater than 0.10, then there is no multicollinearity.
2. If the VIF value is less than 10.00, it means that there is no multicollinearity.

Coefficients[a]

| Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	12.213	13.273		.920	.361		
	x1	-.108	.154	-.056	-.701	.486	.999	1.001
	x2	-.717	.300	-.191	-2.387	.020	.998	1.002
	x3	2.617	.285	.734	9.176	.000	.999	1.001

a. Dependent Variable: y

Interpretation:

The results of the Multicollinearity Test for the tolerance value of 0.999 and the VIF value of 1.001, which means that both show multicollinearity.

Heteroscedasticity Test

Aims to test whether in the regression model there is an inequality of variance

from the residuals of one observation to another observation.

Scatterplot
Dependent Variable: y
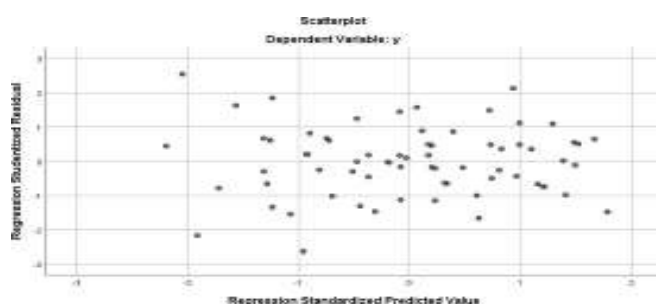
Interpretation:

The results of the heteroscedasticity test of the scatterplot graph show that the points spread randomly and are spread both above and below the number 0 on the y-axis. This means that there is no heteroscedasticity in the regression model so that the regression model is feasible to use.

Multiple Linear Regression Test

Aims to determine whether or not the influence of two or more independent variables (X) on the dependent variable (Y).

Based on the table of multiple linear regression test results above, it can be obtained a multiple linear regression model based on the B value as follows:

<p align="center">Coefficients^a</p>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.213	13.273		.920	.361
	Kepemimpinan (X1)	-.108	.154	-.056	-.701	.486
	Reward (X2)	-.717	.300	-.191	-2.387	.020
	Punishment (X3)	2.617	.285	.734	9.176	.000

a. Dependent Variable: Kinerja Karyawan (Y)

$$Y = a + b1X1 + b2X2 + b3X3 + e \qquad \qquad 1$$

$$Y = 12.213 + 0{,}108\ (X1) + 0{,}717\ (X2) + 2.617\ (X3) + e \qquad \qquad 2$$

The a value of 12.213 is a constant or condition when the dependent variable of employee performance (Y) has a positive effect on the independent variable, namely leadership (X1), reward (X2), and punishment (X3).

b1 (regression coefficient value X1) of 0.108 indicates that the leadership variable has a positive influence on employee performance which is quite strong. If leadership is optimized then employee performance will increase.

b2 (regression coefficient value X2) of 0.717 indicates that the reward variable has a positive influence on employee performance which is quite strong. If work discipline is optimized, employee performance will increase.

b3 (regression coefficient value X3) of 2.617 indicates that the punishment variable has a positive influence on employee performance which is quite strong. If work discipline is optimized, employee performance will increase.

T – Test

Condition :
If the value of Sig. <0.05, or t arithmetic > t table then there is an effect of variable X on variable Y.
if the value of Sig. >0.05, or t arithmetic < t table then there is no effect of variable X on variable Y.
t tabel = t(α / 2 ; n – k – 1) = t (0,5 / 2 ; 69 – 3 - 1) = 0,025 ; 65 = 3,126 3

Coefficients^a

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	12.213	13.273		.920	.361		
	x1	-.108	.154	-.056	-.701	.486	.999	1.001
	x2	-.717	.300	-.191	-2.387	.020	.998	1.002
	x3	2.617	.285	.734	9.176	.000	.999	1.001

a. Dependent Variable: y

Interpretation :

The Effect of X1 on Y
Given the value of Sig. 0.486 > 0.05, and t count 0.701 < 3.126, it can be concluded that H1 is accepted, which means that there is no effect between X1 on Y.

The Effect of X2 on Y
Given the value of Sig. 0,20 > 0,05 and t count 2,387 < 3,126, it can be concluded that H2 is accepted, which means that there is no effect between X2 on Y.

The Effect of X3 on Y
Given the value of Sig. 0,00 < 0,05, and t count 9,176 > 3.126, it can be concluded that H3 is accepted because it has the effect of X3 on Y.

F – Test

Condition :

If the value of Sig. <0.05 or calculated F value > F table, then there is an effect of variable X on variable Y,

If the value of Sig. >0,05 or calculated F value < F table, then there is no effect of variable X on variable Y.

F tabel = F(k ; n – k) = F (3 ; 69 – 3) = 3 ; 66 = 3,136   4

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	939.387	3	313.129	30.480	.000^b
	Residual	667.773	65	10.273		
	Total	1607.159	68			

a. Dependent Variable: Kinerja Karyawan (Y)

b. Predictors: (Constant), Punishment (X3), Kepemimpinan (X1), Reward (X2)

Interpretation :

Given the value of Sig. 0.000 < 0.05, and F count 30.480 > 3.136, it can be concluded that H4 is accepted, which means that there is an influence of the variables X1, X2, and X3 on Y.The Effect of X2 on Y

Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765ᵃ	.585	.565	3.20522

a. Predictors: (Constant), Punishment (X3), Kepemimpinan (X1), Reward (X2)

Interpretation :

It is known that the R Square value is 0.585 or 58.5% which indicates that there is a simultaneous influence between the variables X1, X2, and X3 on the Y variable by 58.5%, while the remaining 41.5% is influenced by other variables.

Discussion

The Effect of Leadership on Employee Performance

Based on the results of the study above, the influence of leadership on employee performance obtained a t-count value of 0.486> 0.05 and t-count 0.701 <3.126, it can be concluded that H1 is accepted because the Leadership variable (X1) has a positive influence on Y. Leadership on employee at Mitra10 Kebonsari Malang is a pretty good point in playing its function as an organizational leader. Theoretically leadership is the process of influencing the activities organized in groups in their efforts to achieve the goals set. (William G. Scott, 1962).

The results of this study are supported by previous research conducted by Made Suprapta, Desak Ketut Sintaasi, and I Gusti Riana (2015), with the title The Effect of Job Leadership and Job Satisfaction on Employee Performance, where the results of the study show that there is a positive and significant influence between leadership on job satisfaction, positive and significant between leadership on performance. Likewise, there is a positive and significant influence between job satisfaction on employee performance.

The Effect of Reward on Employee Performance

Based on the results of the study above, the influence of Reward on employee performance obtained a t-count value of the value of Sig. 0,20 > 0,05 and t count 2,387 < 3,126, it can be concluded that H1 is accepted, which means that there is no effect between X2 on Y.

Recompense which are given by company to the labor, because of energy the work has give donation energy and mind for progress use company achieving goals which has set. (Sastrohadiwiryo, 2009).

EFFECT OF LEADERSHIP, REWARD, AND PUNISHMENT ON EMPLOYEE PERFORMANCE AT MITRA10 KEBONSARI MALANG

The results of this study are supported by previous research conducted by Winda Sri Astuti, Herman Sjahrudin, and Susenohadi Purnomo (2018), with the title The Effect of Reward and Punishment on Employee Performance, where the result of study explaining the reward has a significant negative effect on employee performance. in addition to the punisment to be significant and positive.

The Effect of Punishment on Employee Performance
Based on the results of the study above, the influence of punishment on employee performance obtained at the value of Sig. 0,00 < 0,05, and t count 9,176 > 3.126, it can be concluded that H3 is accepted because it has the effect of X3 on Y. Punishment is procedure which is conducted for repair behavior that unwanted during short and performed with wise. (Abu and Supriyono, 2013).

The results of this study are supported by previous research conducted by Raymond Suak, Adolfina Adolfina, Yantje Uhing (2017), with title The Effect of Reward and Punishment on Employee Performance at Sutanraja Hotel Amurang, and the result The results of the analysis show that the correlation between reward and punishment on employee performance is very weak. Simultaneous hypothesis testing states that reward and punishment have no significant effect on employee performance. Hypothesis testing partially shows that reward and punishment also have no significant effect on employee performance.

The Effect of Leadership, Reward, and Punishment on Employee Performance
Based on the results of the study above, the influence of punishment on employee performance obtained at the R Square value is 0.585 or 58.5% which indicates that there is a simultaneous influence between the variables X1, X2, and X3 on the Y variable by 58.5%, while the remaining 41.5% is influenced by other variables.

Conclusion

From the results of the discussion in this study, it can be concluded that leadership as a variable (X1), reward as a variable (X2), punishment as a variable (X3), has a significant positive effect on employee performance (Y). From the results of this study, it is possible that Mitra10 Kebonsari Malang needs to improve the effectiveness and efficiency of employee performance by providing training to improve employee skills and also increase the desire to learn from their employees.

Reference

Amalia, E., & Rudiansyah, M. 2019. "Pengaruh Kepemimpinan dan Disiplin Kerja Terhadap Kinerja Pegawai pada Dinas Pendidikan Kota Banjarmasin". *Jurnal Riset Insppirasi Manajemen dan Kewirausahaan,* 3(2): 94 – 102.

Putra, Dhonny Yudha Pratama. 2015. "Pengaruh Pemberian Reward dan Punishment Terhadap Kinerja Pegawai Cafe Detuik Kabupaten Bandung". *Jurnal Fakultas Ekonomi Universitas Komputer Indonesia (UNIKOM).*

Putri, S. d. 2015. "Pengaruh Motivasi Kerja, Kepemimpinan Dan Kepuasan Terhadap Kinerja Guru SMPN 1 Batu". *Prodi Manajemen Fakultas Ekonomi: Universitas Islam Malang.*

Rosniyenti dan Sri Wahyuni. 2019 . "Pengaruh Gaya Kepemimpinan, Reward Dan Punishment Terhadap Kinerja Pegawai Badan Pengembangan Sumber Daya Manusia Provinsi Sumatera Barat". *Jurnal Ekonomi, 22(1): 1-11.*

Tambunan, D. 2019. "Pengaruh Kepemipinan dan Disiplin Kerja Terhadap Kinerja Pegawai Pada PDAM Tirtanadi Provinsi Sumatera Utara Cabang". *Jurnal Abdi Ilmu, 12(2): 41-50.*

Vinnafatun, Fathorrahman, Mochamad Bukhori 2021. "Gaya Kepemimpinan, Budaya, Dan Kompetensi Terhadap Kepuasan Kerja Dan Kinerja Guru Smp Swasta Islam". *Jurnal Ilmiah Bisnis dan Ekonomi Asia, 15(1).*

Yunita Ainun Savitri, Abd. Kodir Djaelani dan M. Khoirul Abs. 2020. "Pengaru Kepemimpinan Reward, Dan Punishment Terhadap Kinerja Karyawan Pada Perusahaan Daerah Air Minum Kota Malang". *e – Jurnal Riset Manajemen Prodi Manajemen Fakultas Ekonomi dan Bisnis Universitas Islam Malang.*

INVESTMENT IN THE PERSPECTIVE OF REGIONAL FINANCIAL PERFORMANCE OF CITY REGENCY IN JAMBI PROVINCE

Faradilla Herlin
Development Economics, University of Muhammadiyah Jambi, Indonesia

Ratih Rosita
Development Economics, University of Muhammadiyah Jambi, Indonesia

Suherman
Development Economics, University of Muhammadiyah Jambi, Indonesia

Andre Devita
Development Economics, University of Muhammadiyah Jambi, Indonesia

Email Correspondence: faradilla.surya@gmail.com

ABSTRACT

The problems in this study are first, how is the financial performance of the district and city areas in Jambi Province. Second, what are the factors that influence the level of investment in the perspective of regional financial performance in districts and cities in Jambi Province. To analyze the first research problem, the analysis model of the Weighted Average Regional Financial Performance Index is used, which consists of the Fiscal Dependency Index, the Capacity Index for Income Creation,the Capital Expenditure Proportion Index and the Government Sector Contribution Index. To analyze the second problem used Panel Data Regression Analysis Model. as well as secondary data analysis research methods, which are equipped with observation methods. This study concludes that first, the financial performance of the district and city districts in Jambi Province is in moderate condition. Second, the factors of economic growth, the provincial minimum wage and the exchange rate affect the level of investment in the perspective of regional finance.

KEYWORDS: Investment, Regional Financial Performance

Introduction

Regional autonomy and fiscal decentralization that began in the early 2000s were a manifestation of the central government's authority to grant rights to local governments. Fiscal decentralization will provide optimal benefits if followed by the ability of regions to increase their financial capacity.

According to Law Number 33 of 2004 concerning sources of regional revenue in the context of implementing fiscal decentralization, it consists of Regional Original Revenue, balancing funds and other legitimate income. The law provides opportunities for regions to improve financial performance in the context of realizing regional independence and reducing fiscal dependence on the center. For Jambi Province, the government's budget continues to increase in line with the growing need for development financing. In 2015 the amount of the expenditure budget was 3.5 trillion rupiah and increased to 4.8 trillion in 2019 or experienced a growth of around 9% per year. If we look closely at the proportion between direct spending and indirect spending, it can be seen that the proportion of direct spending is still far from ideal. This can be seen from the still small proportion of direct spending from 2015 to 2019 which is only 48% on average. Although in terms of capital expenditure, it is relatively sufficient to meet the criteria, which has reached 49%. This means that the proportion of indirect spending is still dominant in the Jambi Province budget, which is an average of 52%.

By observing the increasing development of the revenue and expenditure budget in Jambi Province, it should have a positive impact on the regional macro economy. Conceptually, government spending is one of the variables that determine the improvement of the regional macro economy. In this perspective, the amount of government spending provides support for increasing investment in Jambi Province. This increase in investment is expected to have an influence on regional economic development so that in the end it will increase regional financial capacity through increasing Regional Original Income

Observing such conditions, it is necessary to analyze the factors that influence the increase in investment in Jambi Province. In the context of the hypothesis, investment is influenced by economic conditions as reflected in economic growth, wage levels and exchange rates. The problems in this study are first, how is the financial performance of the district and city areas in Jambi Province. Second, what are the factors that influence the level of investment in the perspective of regional financial performance in districts and cities in Jambi Province.

Method

In this study, secondary data analysis methods will be used. To further maximize the results, it is also equipped with an observation method. What is meant by secondary data analysis is data that has been reported by an agency where the agency itself does not directly collect

data, but is obtained from other parties who have first collected and published it (Singarimbun 1989). The observation method in question is research that observes the object under study and uses a questionnaire as the main tool. This method is used to complement the secondary data analysis conducted. To answer the purpose of the first research, namely to analyze the factors that influence the level of investment in the City District in Jambi Province, the Simultaneous Data Panel Equation is used, with the following equation:

$$INV = d_0 + d_1PE + d_2UPM + d_3KURS + u \quad \text{..} 1$$

INV = Invesment Rate
PE = Economic growth
UMP = Minimum Wage
KURS = Exchange
e = error term
α_0 = intercept
$\alpha_{i1} - \alpha_{i4}$ = regression coefficient

Result

The following analysis will be carried out on the structural equation of the Investment Level. The structural equation model of Investment Level (INV) is formed from the variables of Economic Growth (PE), Provincial Minimum Wage (UMP) and Exchange Rate variables. Based on the estimation results of the Investment Level (INV) parameter, the coefficient of determination (Adjusted R2) is 0.8786, which means that the model has been able to explain the diversity of the problem by 87.86% and the rest is explained by other variables outside the model. The endogenous variables in the Investment Level equation (INV) are significantly affected by the explanatory variables together, which are indicated by the value of Prob = 0.000. This means that together the independent variables that affect the Investment Level (INV), have a significant effect on the level of = 0.05.

The results of the estimation of the equation show that the Investment Level is partially influenced by the variable factors of Economic Growth (PE), Provincial Minimum Wage (UMP) and Exchange Rate, the significance level of which is 5%. The following table provides more complete information on the results of parameter estimation for the Investment Level structural equation.

Table 1. Estimation Results of Structural Equation Parameters Investment Level

Variabel	Koefisien	Probabilitas
Intersep	12,23321	
Eco Growth (PE)	0,25236	0,135
Minimum Wage (UMP)	6,39845	0,022
Kurs	-0,16166	0,132
*Signifikan l5%	Prob = 0,000	Adjusted R2= 0,8786

Discussion

It is necessary to improve the financial performance of districts and cities in Jambi Province through increasing sources of regional income and increasing expenditures related to improving the regional economy**.** efforts to increase investment need to be carried out through increasing regional economic growth, increasing the UMP and stability of the exchange rate.

Conclusion

Based on the analysis that has been done in the previous section, it can be concluded that the level of investment is influenced by economic growth, the provincial minimum wage. Policies that can be carried out in order to increase regional investment are through increasing capital expenditures in order to provide support for the availability of infrastructure

Reference

Andreas P. Kyriacou, Leonel Muinelo-Gallo, Oriol Roca-Sagalés. 2013. "Fiscal decentralization and regional disparities: The importance of good governance". doi:10.1111/pirs.12061

Apriesa, Lintantia Fajar dan Miyasto.2013. "Pengaruh Desentralisasi Fiskal Terhadap Pertumbuhan Ekonomi Daerah Dan Ketimpangan Pendapatan (Studi Kasus : Kabupaten/Kota Di Jawa Tengah)". *Diponegoro Journal Of Economics, 2(1)*: 6.

Bacarreza,Gustavo Canavire., Vazquez, Jorge Martinez., Yedgenov, Bauyrzhan. 2019. "Identifying and Disentangling the Impact of Fiscal Decentralization on Economic Growth". *Idb Working Paper Series.*

Bappenas-UNDP, 2007. "Studi Evaluasi Pemekaran, Building and Reinventing Decentralized Governance Project", Version of July 4, 2007

Bartolini, David., Stossberg,Sibylle.,and Blöchliger,Hansjörg. 2016. "Fiscal Decentralisation and Regional Disparities". *OECD Economics Department Working Papers*. https://dx.doi.org/10.1787/5jlpq7v3j237-en.

Blöchliger,Hansjörg . 2018. "Fiscal decentralisation and economic growth". Retrieved (https://www.researchgate.net/publication/326354962,)

Blöchliger,Hansjörg.,2013. "Decentralisation and Economic Growth – Part,: How Fiscal Federalism Affects Long-Term Development". *OECD Working Papers on Fiscal Federalism No. 14*. https://dx.doi.org/10.1787/5k4559gx1q8r-en.

Brad,Laura; Dobre,Florin And Ciobanu, Radu. 2014. "A Regional Approach Of Financial Performance Evidence From Romania". International Academic Conference. Prague

David dan Sri. 2012. "Analisis Kemampuan Keuangan Daerah". *Prosiding Seminar Nasional Ekonomi.*

Eriadi, Erlina, Iskandar and Syukri, 2018. "Determinant Analysis Of The Quality Of Local Government Financial Statements In North Sumatra With The Effectiveness Of Management Of Regional Property As A Mediator". *International Journal of Civil Engineering and Technology (IJCIET)*, 9(5): 1334–1346.

Erlina, Saputra & Muda. 2017. "The Analysis of the Influencing Factors of Budget Absorption, International Journal of Economic Research".

G.Chirwa,Themba and Odhiambo,Nicholas M. 2016. "Macroeconomic Determinants Of Economic Growth: A Review Of International Literature". *South East European Journal of Economics and Business,* 11(2): 33-47. 10.1515/jeb-2016-0009

Ganaie,Aadil Ahmad., Bhat,Sajad Ahmad., Kamaiah,Bandi and N. A. Khan. 2018. "Fiscal Decentralization and Economic Growth: Evidence from Indian State". *South Asian Journal of Macroeconomics and Public Finance, 7(1):* 83–108. 10.1177/2277978718760071.

Gousario, Freska and Dharmastuti,Christiana Fara. 2015. "Regional Financial Performance And Human Development Index Based On Study In 20 Counties/Citiesof Level I Region"**.** *JournalTheWINNERS, 16(2): 152-165.*

Sartika, Madris, and Syamsuddin. 2019. "The Effects of Investment, Government Expenditures and Labor Productivity on Local Government Financial Performance". *International Journal of Scientific & Engineering Research,* 10(7).

DEVELOPING MARKETING INNOVATION PEATLAND AREA THROUGH PINEAPPLE LOCAL FARMERS IN TANGKIT BARU VILLAGE

Hario Tamtomo, S.EI., MM.

Manajemen,Universitas Muhammadiyah Jambi, Indonesia

Agesha Marsyaf, S.I.Kom., MM.

Manajemen,Universitas Muhammadiyah Jambi, Indonesia

Arniwita, S.Pd., MM.

Manajemen,Universitas Muhammadiyah Jambi, Indonesia

Siswoyo, S.I.Kom., MM.

Ekonomi Pembangunan,Universitas Muhammadiyah Jambi, Indonesia

Email Correspondence: h4rio.35@gmail.com

ABSTRACT

The purpose of this research is to reveal the strategic development innovation of pineapple's agroindustry, to identify the strength, weakness, threath, and opportunity on peniepale's agroindustry development based on local farmers at Tangkit Baru Village, Muaro Jambi District. The data were collected by purposive sampling and used SWOT analysis. Thisresultshowed that there are seven farmer group, as a part of Mina Sukses cooperative. The respondens research were 35 members of and 22 were members agroindustry's entrepreneurs.The strength menawhile the weakness comes from a less creative syroup action and lack of facilities and infrastructures. The opportunity is the ability to let a group help each others in need, for instance, when one member doesn't has enough assests whilethe threats are concerned with dynamic maret demands and tastw and lack of communication among farmer groups as member of Mina Sukses cooperative. Designing a sub products strategy would be able to develop agroindustry based on farmer grouos in Tangkit Baru village. In addition it would increase the member of various and innovative pineapple products. However the government should play their significant role to help develop the farm and agroindustry. The strenght of the community comes from the land materials arround them in this case, the pineapple as the resources of their livelihood.

KEYWORDS: Development Innovation Strategy, Pineaple's, Anas Comosus, Fram Groups And Mina Sukses Cooperative.

DEVELOPING MARKETING INNOVATION PEATLAND AREA THROUGH PINEAPPLE LOCAL FARMERS IN TANGKIT BARU VILLAGE

Introduction

Wetlands provide important natural resources, for 19.3 million ha or more than 10% of the total land area. In Indonesia peatland existed mostly in Sumatera 6.4 million ha (43%), 4.8 million ha (32%), in Kalimantan , and 3.7 million ha (25%) in Papua Island. The largest peatland is located in Riau region reach out Sumatera Province (4 million ha).

In Indonesia, wetlands provide a wide range of tangible and intangible benefits to various communities. The tangible benefits include water for locals use and watering of livestock, support to pineapple agriculture, and food resources such as fish, vegetables, medicine and etc. The non-tangible benefits include, carbon stock, purification of water, maintenance of the water table, and storm protection. Wetlands also serve as habitats, ecosystem, flora and fauna, heritage values, and biodiversity of potentially high pharmaceutical value. All these benefits have a bearing on food security. Livelihoods of Indonesian smallholders in peatland areas are diverse. They are mainly based on natural resources including forestry, fisheries, agriculture and mining; with a share of these activities varying widely across regions (Noor et al. 2005). Local communities commonly extract timber and non-timber forest products, such as wild honey, resins and rattan (Anshari and Armiyarsih 2005).

They provide many substantial benefits not only to local society, but also to the people who live far away from them. They are recognised globally for their vital role in sustaining a wide array of biodiversity and providing goods and services and also as important sources of natural resources, upon which the rural economies depends. Jambi Province has a peatland area ± 900,000 ha, spread over 3 districts, namely Tanjung Jabung Timur, Tanjung Jabung Barat, and Muaro Jambi which require management priority. Muaro Jambi is a district has the widest peatland area, over 258 thousand Ha (35,9%). As one of the largest peatland, Muaro Jambi also developing pineapple agriculture. Tangkit Baru as one of the villages became the largest pineapple produce in Jambi and Indonesia.

Tabel 1. Pineapples Producvity in Indonesia

No	Province	Productivity	Percentage (%)
1	Lampung	453.812 ton	32,50 %
2	Jawa Barat	209.348 ton	14,99 %
3	Sumatera Utara	165.304 ton	11,71 %
4	Jawa Tengah	102.426 ton	7, 43%
5	Riau	94.129 ton	6,74 %
6	Nusa Tenggara Barat	75.640 ton	5,42 %
7	Jambi	66.094 ton	4,73%
8	Provinsi Lain	231.200 ton	16,57%

Source: BPS, 2016

Pineapple peatland cultivation in Jambi province can only be found inTangkit Baru village, Muaro Jambi district. Tangkit baru has a of 1,800 ha peatland area, with a depth of 1.25 meters (Patolai, 2017). Patolai, is one of the pioneers in pineapple's plantation development. He

DEVELOPING MARKETING INNOVATION PEATLAND AREA THROUGH PINEAPPLE LOCAL FARMERS IN TANGKIT BARU VILLAGE

chose 'pineapple' as a staple plant to maintain peat ecology in addition to its economic value. Peatland is a soil that has more than 65% organic material (dry weight) and peat thickness of more than 0.5 m (Driessen, 1978).

The unique nature of peatland can be seen from its chemical and physical properties. The chemical nature of peatland refers to its various fertility conditions, but generally it has low fertility. It is specified by acid soils (low pH), availability of a number of macro nutrients (K, Ca, Mg, P) and low micro (Cu, Zn, Mn, and Bo), toxic organic acids, and High Cation Exchange (CEC). The physical properties of peat that need to be understood include maturity, color, specific gravity, porosity, dryness, subsidence, and flammability. Peat material is either fibric, hemic, or sapric. Fibric peats are the least decomposed and consist of intact fibre. Hemic peats are partially decomposed and sapric are the most decomposed, because its formed from different materials, environmental conditions, and times. Sapric type will tend to be smoother and more fertile. Fibric type, contains a lot of crude fiber and less fertile (Najiyati, et.al., 2005). More over 80% of villagers were living in peatland area and depend on pineaple farm as livelihoods and food security needs.

The pineapple production in Tangkit is still meets major problems in Tangkit Baru, particularly in, in marketing system which rapid changes both in customer needs as well as in the nature of the markets. So, the local farmers must be competitiveness and improves their performance, to develop new products and new strategies to attract a customers and satisfies existing ones. That's why the product innovation of pineaple is important, which moves a community forward. Innovation can generally be characterized as creating something new, not yet existent, which potentially, ability to attract a customer's attention (Pitra, 1997).

Pineapple now transformed become to be a prime commodity of the village and even a promising province, with a pineapple population between 11-13 million clumps. All of households in Tangkit Baru has pineapple farm average 600-800 hectares and can produce of 20,000 fruits per day (Daeng Pallalo, 2017). Raw pineapple is sold directly to wholesaler, at an average price Rp. 500-Rp.1,000/piece, althought the pineapple's price at Angso Duo Jambi retailer market range from Rp.2000-Rp. 4,000/piece.

Pineapple agro-industry is still only for pinapple jam production and traditionally marketing which has weaknesses in quality and distribution. Lack of knowledge farmers or producers about product innovation, quality improvement, distribution techniques, and marketing leads to a high price gap, between the prices of farmers, production prices and market prices by wholesaler. The most disadvantaged are pineapple local farmers as producers. Therefore, the concept of product innovation is needed in pineapple agribusiness management to be pineapple syrup, as well as consumption drinks on going and building sustainability of peatland commodities.This study aims to examine and determine innovation strategies in of agribusiness and marketing of pineapple as a natural resource for the developing of local farmers, so in the future they are be able to drive sustainability. This study highlight relating to sustainability, economy, empowerment and management of sustainable peatlands, which

are used for farmers, managers, and policy makers in the management of peatland, as a basis for guiding decision making on peatland agriculture conservation.

Method

The aims of research is to identify the strategy for devloping agribusiness dan marketing innovation for local farmers. The first step was to carry out a pilot survey as a necessary means for basic orientation in the examined issues and for obtaining elementary statistical characteristics, enabling the subsequent selection of suitable methods and procedures for data processing. The pilot survey was conceived as an intentional selection of 35 local farmers that, according to available information, use marketing innovation in their practice and present themselves through the introduction of innovation in their agribusiness and marketing.

This research was conducted too using quantitative (survey) and qualitative methods, namely direct observation in the field by interviewing respondents. Sampling is carried out purposive sampling. Sampling criteria for each farmer group that has also joined the pineapple syrup making business at the Mina Sukses cooperative in Tangkit Baru Village, Muaro Jambi district, namely the management of the farmer group (chairman, treasurer, secretary) and two members farmer groups taken randomly. Of the 35 respondents taken for each farmer group in it, it included members of the farmer group who tried pineapple agroindustry in Tangkit Baru Village, so the total number of respondents who were sampled were 35 people from seven farmer groups in Tangkit Baru Village. The data used analyzed by path analyses of IBM SPSS 24.

Result

Profile of the Mina Sukses Farmers and Farmers Group

The farmer groups in Tangkit Baru village are 7 groups who are also part of the Mina Sukses members.

Figure 1. Profile of Mina Sukses farmer groups

Parit Makmur 2 23%
Cahaya Sulawesi 14%
Usaha Mandiri 18%
Parit Makmur 1 14%
Bangkit Lestari 4%
Sepakat Tani14%
Maju Jaya 13 %
Source: Primary data (2018)

DEVELOPING MARKETING INNOVATION PEATLAND AREA THROUGH PINEAPPLE LOCAL FARMERS IN TANGKIT BARU VILLAGE

Farmers who were sampled in this study, who tried to cultivate pineapple and became members of the Mina Sukses cooperative. But within the group there are also members who are pineapple agroindustry entrepreneurs. The reason for this group was formed because of the same interests to develop members in the group both in cultivation activities and pineapple agroindustry. As an example of the existence of interests among members in the group in the supply of raw materials for the agro-industry activities. Where usually if there is a shortage of raw materials members of farmer groups who become agro-industrial entrepreneurs take the shortage of raw materials from members of other farmer groups, so there is a dependency between members who have agro-industrial businesses and members who do not have agro-industry businesses in terms of procurement of raw materials. So that there is an element of mutual benefit between the farmer group members.

With the existence of this farmer group, will be provide benefits to Mina Sukses cooperative members in the marketing for fresh pineapple, harvesting, and can sell pineapple to the agro-industry entrepreneurs in their groups to be processed into pineapple juice. One of the elements of the farmer group is the motivation of local community leaders to support the program that has been determined. But the pineapple farmer group in Tangkit Baru village is still having trouble dealing with packing problems that are worth selling with the on the go model. In addition innovation in the marketing process is also a problem.

Profile of Pineapple Agroindustry in Tangkit Baru Village

In Tangkit Baru village, there are 22 entrepreneurs who try to process pineapple products into fruit juice with traditional packaging for glass bottles and plastic bottles which are currently limited to local marketing and availability in the fasting month and Eid. Income distribution is also very varied from 5 million/month to 10-15 million /month. The year of establishment began in 2002 and began to be fostered by Disperindagkop Jambi province until 2013. Cahaya Sulawesi and Parit Makmur are owners who have the highest income of 13-15 million / month or around 85-100% as the highest income compared to other groups.

Figure 2. Profile of percentage income of pineapple agroindustry business owners

Pemilik   Tahun   Penghasilan Juta/Bulan

■Usaha Mandiri ■Maju Jaya ■Sepakat Tani ■Tangkit Lestari ■Parit Makmur 1 ■Parit Makmur 2 ■Cahaya Sulawesi

Source: Primary data processed (2018)

DEVELOPING MARKETING INNOVATION PEATLAND AREA THROUGH PINEAPPLE LOCAL FARMERS IN TANGKIT BARU VILLAGE

Productivity

Pineapple fruit is the main raw material for making fruit juice. Although still using a small-capacity blender, this group on average is able to produce 150-300 cartons to meet the needs in the fasting month and Eidul-Fitr.

Packaging

Pineapple juice is packaged using glass bottles or plastic bottles that have been branded, with varying weights ranging from 100 ml, 250 ml, 600 ml to 1000 ml by weighing. Then the bottles are closed using a press. The stage in the process of making pineapple juice until packaging takes ± 4 hours.

Marketing

Marketing is still done in personal selling by entrusting various products in grocery stores or small retail outlets in Jambi starting from Mandala to Trona Mini Market. Distribution channels still use agents. In addition, the exhibition is also used as a marketing channel to promote products.

Developing Strategy of Pineapple Agribusiness Innovation

Table 1. SWOT analysis in the development of pineapple fruit 'juice' agribusiness

Strengh	Weakness
Raw material is the potential of Tangkit Baru Village. The quality of raw materials for the manufacture of pineapple juice is good (without preservatives and original fruit-based ingredients). The role of members of the farmer group, if there is a shortage of raw materials and the same interests among members of the farmer group. The role of farmer groups to facilitate assistance. The location of the strategic Tangkit Baru Village, close to the City of Jambi (15 KM with a distance of 42 Minutes) and there is route to Palembang city	Lacke of facilities and infrastructure 2. Limited in marketing reach No taste different innovations such as milk, chocolate, are still limited to the original taste There are members of the farmer group who are less active and do not trust each other among the members of the farmer group
Opportunity	**Threats**
Making pineapple derivative products aside from pineapple syrup, pineapple chips, pineapple jam, such as pineapple brownies and pineapple cake. Prices affordable by consumers. The opening of a modern market for pineapple juice products and the marketing range of pineapple juice can be expanded again. The role of the government in the development of pineapple farming and agro-industry. Limited group members of capital form group businesses	Market demand and consumer tastes that are always changing and fluctuating. No good communication between farmer groups and other farmer groups in the village. Fruit import circulation in Jambi market

Table 2. Assessment of SWOT components

Strength		Weakness		Opportunity		Threats	
component	Score	Component	Score	Component	Score	Component	Score
S1	3	W1	3	O1	3	T1	3
S2	2	W2	3	O2	2	T2	2
S3	3	W3	3	O3	3		
S4	3			O4	2		
S5	3			O5	3		

Description: grade 3 = important, 2 = quite important, 1 = not important.

Table 3. SWOT components Marketing Innovation Strategy of developing pineapple agroindustry in Tangkit Baru Village

Strategi	Linkage of SWOT Components	Strategi	Weight	Rank
SO1	S1, S5, O1, O3	SO1	12	1
SO2	S2, O2	SO2	4	6
SO3	S3, O3, O4	SO3	8	3
SO4	S4, O4	SO4	5	5
SO5	S5, S3, O5	SO5	9	2
ST1	S2, T1	ST1	5	3
ST2	S3, T2	ST2	5	5
WO1	W1, W2, O4	WO1	8	3
WO2	W2, O2	WO2	4	6
WO3	W2, O3	WO3	5	5
WO4	W3, O5	WO4	6	4
WT1	W1, W2, T1	WT1	8	3
WT2	W2, T1	WT2	5	5

Source: Primary Data Processed (2018)

Based on the weighting value of the existing alternative strategies, the priority of the innovation strategy for the development of pineapple agro-industry can be determined: the peatlands of Tangkit Baru village are :

1. Great potential in pineapple agroindustry development and it will be even better if the derivative products, such as pineapple chips, pineapple juice so more product diverse.
2. Strategic location, if there is a shortage of raw materials, one of group members can be stockist to another groups in business circulation.
3. Increase capital to optimizing production, and expand toreach of marketing and establish cooperative relationships with agro-industry entrepreneurs in Tangkit Baru Village.
4. The government's role in developing of pineapple agroindustry, especially in the provision of facilities and infrastructure.
5. Added for capital and expand marketing reach
6. Establish good relationships between farmer groups and cooperative for developing of farming and agro-industry.

DEVELOPING MARKETING INNOVATION PEATLAND AREA THROUGH PINEAPPLE LOCAL FARMERS IN TANGKIT BARU VILLAGE

Figure 3. Matriks SWOT

Internal	Strength	Weakness
	Raw material is the potential of Tangkit Baru Village	Facilities and infrastructure are still lacking
	The role of farmer members, if there is a lack of raw materials and the same interests among members of the farmer groups.	Unlimited marketing reach
		The function of farmer groups is less active and does not trust each other among members of farmer groups
Eksternal	The role of farmer groups to get help	

Opportunity	SO	WO
Making derivative products and innovations of pineapple syrup or pineapple chips that already existed before	Raw material is a potential area so that it is easy to obtain, and will have an opportunity if the product is made	The role of government in the development of pineapple agroindustry, especially in the provision of facilities and infrastructure.
Affordable prices for consumers and taste like The opening of a modern market for pineapple chips The role of the government in developing Innovation of pineapple agroindustry Limited group members of capital form group businesses	The quality of raw materials is good, and the original taste is preferred by consumers and affordable prices.	Affordable prices and taste that people like, so that the marketing range of pineapple juice can be expanded to the city of Jambi.
	The role of farmer groups if there is a shortage of raw materials	Expand the reach of marketing to modern retail.
	The role of farmer groups to facilitate obtaining assistance for developing of pineapple agro-industry businesses.	The function of the farmer group is carried out, so the limited group members can form a group effort

Threath	ST	WT
Market demand that is always changing and volatile follows consumer tastes The absence of good communication between farmer groups in Tangkit Baru Village	Maintain quality Establish a good relationship between farmer groups so that there is collaboration between groups for the development of agro industry business innovation	Increase capital and expand marketing reach, so as to maintain market stability. Establish good communication between farmer groups so that cooperation can be done together

Result of Hypotesis Testing

The result of hypothesis model is :

Table 4. Path analyses of three variables

Exogen Variable	Endogen Variable	Beta	t-value	Probablity	Sig
Product Innovation : Agribusiness	Marketing Innovation	0,484	6,162	0,000	Sig
Marketing Innovation	Farm Competitiveness	0,317	4,727	0,000	Sig
Product Innovation : Agribusiness	Farm Competitiveness	0,472	4,720	0,000	Sig

The results shows that all hypothesis is accepted. Variable one with variables others have a linear relationship and have significant influence both directly or indirectly.

Business Drivers of Sustainability Innovation For Pineaple's Local Farmers in Tangkit Baru Village

Creating value for customers as major food brands establish their own sustainability frameworks, they present agri-businesses with the opportunity to create long-term client relationships by looking after sustainability priorities in their supply chains. For example,straghtening relationship to company and shared commitment to improving local farmers. Responding to consumer needs Agri business clients are responding to the growing consumer focus on health and nutrition. Increasing the nutritious value of food commodities is opening new business opportunities for manufacturers, in both developed and developing countries. These demands are also pulling agribusinesses to systematise and improve information about production processes, impacts, and supply chains. In Tangkit Baru village, pineapple must be increasing to different product on food commodities, like pineaple syrup 'on the go' in different pacakging to allow midle consumers. Increasing productivity addressing the social aspects of agribusiness sustainability, such as the productivity and incomes of farmers, is important to achieve greater supply chain resilience. Technology advances are helping agri businesses increase productivity while having positive social and development impacts. So, the organization of Mina Sukses cooprative can endorse a young influencers to promot their petaland product on social media, so become competitiveness and creative in marketing innovation.

Discussion

The results of this study raise that : a) The number of members of the seven farmer groups is 35 people, with a land area of 16 Ha-67Ha. (b) The binding element of the agro industry business group is the same interest among members, especially in obtaining government institutions, and the relationship of interdependence between pineapple farmers and agro-industry entrepreneurs in the supply of pineapple chips, in addition there is a shared responsibility in the group for jointly developing sustainable peat commodities (c) The function

of the farmer group as well as membership in the Mina Sukses cooperative as a forum for the learning process in the presence of groups, each member exchanges information. The vehicle for cooperation if there is a shortage of raw materials for the agro industry of pineapple, the entrepreneur takes the power of the group members. Strengths are: 1) raw materials as the potential product Tangkit Baru Village. 2) The quality of raw materials for making pineapple chips is good. 3) The role of farmer group members if there is a shortage of raw materials. Weaknesses are: 1) Lacke of facilities and infrastructure 2) Less extensive marketing range. 3) The function of farmer groups as members of Mina Sukses cooperative is less active. Opportunities are: 1) making innovative products from pineapple ranging from fruit juice to pineapple chips that previously existed. 2) affordable prices by consumers. Tthreats are: 1) Market demand is volatile and always changing because it follows consumer tastes. 2) The absence of good communication between farmer groups as members of the Mina Sukses cooperative. The strategy of developing farmer group-based agroindustry in Tangkit Baru village is fruit juice agroindustry as one of the derivative products of local peat commodity, it will be better if it is developed again, by makes derivative products from pineapple are more diverse.

Conclusion

There needs to be government attention to help farmers or pineapple agro-industry entrepreneurs for capital assistance in developing their businesses. 2. Establishment of a group effort for pineapple agro-industry activities for members who are members of the Mina Sukses cooperative who lack capital to make pineapple agroindustry individually, through cooperative management. Corporate partnerships with NGOs and Universities to tackle food and livelihood securities also focus on holistic development strategies, to increase farmers' productivity, market access and livelihoods, improve nutrition security, community governance and education resources.

Reference

Ahmadi. (2001). Ali,J; Delis, A; Hodijah, S. (2015).Amir Amri, Junaidi, Yulmardi. (2009).Amir Amri, (2007). Anisa Kusuma. (2012). BPS, (2016). Baker, W. E., and J. M. Sinkula. (2002). Boer, H., and W. E. During. (2001). David, F.R. (2009). Dinas Pertanian Tanaman Pangan Provinsi Jambi. (2014). Erfit, E; Bhakti, A; Yacob, S. (1995). Hovgaard, A., and E. Hansen. (2004). Hult,

G. T. M., R. F. Hurley, and G. A. Knight. (2004). Hurley, R. F., and G. T. M. Hult. (1998). Mardikanto, T. (2008). S. M. Mwakubo and G. A. Obare, (2009). T. V. Ramachandra, B. Alakananda, A. Rani, and M. A. Khan, (2011). Rangkuti, F. (2005). Zulgani,Z; Syaparuddin,S; Parmadi, P. (2014).

MANAGING WORKING CAPITAL IN INCREASING PROFITABILITY AT PT SEMEN TOSANA

Ida Nuryana

Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Email correspondence: mediaida@asia.ac.id

ABSTRACT

Profitability is a ratio to assess the company's ability, seeking management benefits themselves are businessmen efforts that are engaged in an activity and include decision-making, the purpose this researchThat is know how the management cash turnover, turnover, imprisonment of financial rowing work capital to profitability at the company PT Semen Tonasa (Persero). Which variables: Cash Turnar (X₁), Rotation of Receivables (X₂), Inventory turnover variables (x₃). Which methodusedtechniquesData analysis interpretation form of quantitative, statistic data measurement through scientific calculation. The data were analyzed, multiple regression models must meet classical assumptions, hypothesis tests, hypothesis testing criteria. The cash turnover variable (X1) with the calculation value of 0.189 with a significance level of 0.857, means there is a positive yet unrelentful relationship betweenreturn on assets with cash turnover. Variable Records of Receivables (X2) with a calculation value of 0.443 with a significance level of 0.675, means there is a positive relationship between significantly with return on assets of corruption debt. The inventory turnover variable (X3) with a calculation of 2,000 to a significance level of 0.102 (Sig> 0.05) means there is a positive relationship between significantly with the return on asset turnover inventory. The working capital variable of the (104) of the total t-calculated value of the 0261, the 0.061 significance level means there is a negative and insignificant relationshipbetween returnonassets with working capital turnover. This means that simultaneously turnover, turnover turnove, inventory turnoveworking capital turnover affect the return on assets 2016 to 2020 by 0.911 or 91% while theremaining 9% isinfluenced by other factors.

KEYWORDS: *Cash turnover, turnoverturnover,inventoryturnover, working capital turnoverand return on assets.*

Introduction

Basically every company will perform various activities to achieve the established goal. Any activity implemented by the Company always requires funds, whether to finance daily operational activities and to finance their long-term investment. Funds used to carryout dailyactivities of operationalis called working capital Management responsibility of working capital is of each manager or company leader. Managers must hold supervision of working capital to work capital resources can be used effectively in the future. Managers also need to know the level of working capitalturnoverin order to prepare a better plan for the future period. In addition to managers, short-term creditors also need to know the level of working capital of a company. That way, short-term creditors willobtain certaintywhen thecompany's debtwillbe paid soon. Workingcapital is one of the factors that may affect other parts of a company. Working capital can be obtained either from within (earnings and detailed capital), as well as from outside (loan). Capital is a major source in running an effort. The failure or success of the company's management in processing working capital is very influential on the company's profitability. Working capital in the company needs to be halted due to important working capital for each company. This is because some reasons are:

1. Without working capital companies can not perform daily operating activities.
2. Most of the time from the manager is poured to manage the working capital of the company.
3. Current assets of manufacturing companies and services companies have a large amount of totalCompany Assets.

Working management working in a company is needed to know theamount of optimal working capital that the company needs. Working Capital Management (*Working Capital Management*) is theManagement of current assets elements and current debt elements. Working Capital Policy (*Working Capital Policy*) Show basic decisions on the target of each element of elements and smooth actions and how the current assets and how the current assets are well published. The goal of working capital management is to manage current and asset securities so that it is obtained by the working capital netTo decent and ensure the company's liquidity level. As for the goals you want to achieve fromCapital ManagementWork is to maximize the value of the company managing current assetssothat the level of marginal management investmentis the same or larger than the cost of capital used to finance these assets, minimize in the long term capital of capital used to finance assets supervision of the flow of fundscurrent assets. One of the companies that is still operating well and smoothly PT. Cement Tonasa. The cement plant was established since 1968 until now still maintains its business. Good working capital management may be one of the success factors of the company. If the company continues to continue continuously and maintains its profits, it may be profitability every year increases without the addition of working capital or even every year there is an additional capital of the working capital.

MANAGING WORKING CAPITAL IN INCREASING PROFITABILITY AT PT SEMEN TOSANA

As for product specifications generated by PT. Cement tonasa is

a. Portable Cement Type 1, is a type of hydraulic cement made by grinding clinker, cement, and gypsum. This type of cement is produced by PT. Cement Tonasa In accordance with National Standard Indonesia (SNI).
b. Cement Portland Pozzolan, is a hydraulic cement consisting of a homogeneous mixture of Portland and Pozzolan cement.
c. Cement of Portland composite, is a mourning of the port of Portland and Gypsum with one or more inorganic materials.

To produce products above the necessary working capital here is data on the total working capital of OL owned by oLeh PT. Cement Tonasa Period 2016 - 2020. And cement products marketed by PT. Cement Tonasa has covered all over Indonesia to foreign countries. Here's the Cement Pall Data. Cement Tonasa Sea-Indonesia from 2016 to 2020

Table 1 Total working capital PT Temanasa Tonasa 2016 - 2020

Year	Total working capital net (In thousands of rupiah)
2016	778.695.398
2017	786.193.028
2018	430.555.677
2019	575.787.754
2020	538.331.496

Source: Balance of PT. Cement Tonasa 2020

Based on sales data on the sale of cement PT. Temasa cement in general increased. With sales that have increased of course the income obtained also increased and the company's policy of each year is also different. Here's the initial picture of their financial condition of PT. Cement Tonasa Period 2016 - 2020.

Table 2 The condition of keuHangan PT. Cement Tonasa Year 2016-2020 (In thousands of rupiah)

Year	Current assets	Total assets	Obligations Smoothly	Net profit
2016	1.189.918.183	1.858.066.211	411.222.785	294.441.495
2017	1.319.980.746	2.401.347.403	533.787.718	429.722.632
2018	1.017.517.644	3.510.477.336	586.961.967	543.587.122
2019	1.237.682.866	5.374.843.616	661.895.112	544.293.789
2020	1.594.864.239	7.331.627.206	1.056.532.734	642.152.214

Source:PT. Cement Tonasa Persero 2020

Based on the table above the expenses in the profit occurring in the company PT. Cement tonasa **Understanding,** *function and purpose of financial management*1.Understanding Financial Management Financial management discusses financial management, which is basically undertaken either individuals, companies and government. Financial theory applied

to the context of the company is known as the company's financial (*Corporation Finance*). Financial decisions taken by "Financial Managers" (ie investment decisions, funding decisions, and dividend policy) are intended to improve the prosperity of the company owner. This is indicated by the increasing value of the company, or stock price (for the company*Go public*). Financial management (*Financial Management*), or in other literature is called spending, is all corporate activities related to how to obtain funds, use funds, and manage assets according to the company's goal thoroughly. Financial management (*Financial Management*), or in other literature is called spending, is all corporate activities related to how to obtain funds, use funds, and manage assets according to the company's goal thoroughly. In other words the financial management is a management (management) on how to obtain assets, fund assets and manage assets to achieve the company's goal. Based on the expert opinion of the experts that have been reached above can be concluded that financial   management is the company's activity to obtain funds and use the funds efficiently.

> "Obernal people, do not take each other's treasure with a vary path, except with the applicable panel of the prevailing by the same as you are among you. And do not killyou; the realGod is the Majesty to you ".[7]This verse discusses or guiding on how to obtain treasures, in this verse is discussed to gain treasures through their respective efforts. Because the property has a position under the life, even life may be to risk or obtain Hatra, then the next verse message "... and do not kill yourself ..." or other people not right, and if we kill others then we are threatened to be killed because "... Allah Allah against youloving ..".

Method

A. **Place and research time**

   This research was conducted on the company PT. CementTonasa,While thethe period of implementing this research to its mileage for approximately three monthsStarting April until June 2020.

B. **Data collection method**

   Methods of data collection is done in this writingis:

   1. Library research (Library Research) Is the data collection method by studying the literature associated with the title as well as college materials from various books related to the issues discussed to be used as the foundation of theory.

   2. The field of research is the method of data collection is done in location(Research Object) directly.

C. **Sources of Data and Type**

   1. Type Data

a. Quantitative data, namely data can be calculated or in the form of numbers data. This data can be obtained from financial statements such as balance sheet, income statement, or from cash flow statements on pT. Tonasa Cement period 2016-2020.

b. Qualitative data, namely data obtained is not form of numbers but in the form of company's imperative, a brief history of the company, or oral information concerning policies issued by the Company.

2. Data source

a. Primary data, namely data obtained directly by holding direct observation on PT Semen Tonasa company as a research object.

b. Secondary data, namely data obtained outside the company is through the books or literature that is closely related to the problem to be discussed.

D. **Operational definition**

Calculate the cash turnover

Cash is the most liquid rotation or one of the highest element of working capital of liquidity. Means that the larger the amount of cash dimiliated by a company will also higher also the level of liquidity can be formulated the UN:

$$\text{Cash turnover} = \frac{Sales}{Average\ Ca} \quad \text{-----------------------------------} \quad 1$$

Calculate the turnover of the receivable

Accounts receivables a company has a close relationship with the volume of credit sales, the accounting of receivables and the estimated time of the collection can be assessed by calculating the rate of turnover turnouts means working capital planted in the receivables will be lower. Conversely if the ratio is lower means there is an overinvestment in receivables, the level of receivables of the receivable can be formulated as follows:

$$\text{Turnarish Receivable} = \frac{Sales}{Average\ Receivables} \quad \text{------------------} \quad 2$$

$$\text{Average accounts receivant} = \frac{Initial\ Receivables + Final\ Receivables}{2} \quad \text{-----------} \quad 3$$

Calculate the turnout of the inventory

Inventory turnover is the ratio of the amount of price sold with the average value of the preparation owned by the company. Inventory turnover shows how many working capital embedded in the form of inventory spin in the form of a production period

$$\text{Inventory turnover} = \frac{Hpp}{Average\ Inventory} \; x\; 1\; times \quad \text{---------------} \quad 4$$

Calculate the working capital turnover

Working capital turnover reflects the ability to spin in a certain period by dividing sales volume with average working capital. Working capital turnoons show how many overall working capital can spin in one production period.

Calculate profitability

This method is used to know the ability of the company's capital to produce profit and assess how much the rate of return of the asset that the company is dedicated. By using the analytical tool is the analysis of the profitability ratio. The formula used is:

E. Method

The method of data analysis used in this discussion is the quantitative method, which is the method of data requires processing analysis techniques, interpretations in the form of quantitative and statistical, through measurement scientific calculations.[32]Before the datais analyzed, multiple regression models should be Meet the assumptions classical, testsh ypothesis, hypothesis testingcriteria include:

a. Classic assumption test

Used regression models in testing the hypothesis should avoid the possibility of the abuse of classical assumption. Classical Assumption Regression includes:

b. Multicolinearity test

The problems that may arise on the use of multiple regression equations are*multicollinearity*, that is a state that the independent variable correlates with other frequent variables or a free variable is a linear function of other frequent variables. The*Multicollinearity*can be seen from*Tolerance Value*or the value*Variance Inflation Factor*(Vif). Nugroho (2005) in Sujianto (2009) states if the value*Variance Inflation Factor (VIF)*Not more than 10 then the model is free from multicolinearity.

c. Autocorrelation Test

Autocorrelation can be acorrelation interpreted as that occurs among members of a series of observations that dragged on time (if the data time series) or correlation between adjacent places (if cross sectional). That can be The test used to detect the absentee of this classical assumption is the Durbin Watson test (D-W Stat) with the following conditions:

1. 1.65 <dw <2,35 thennoautocorrelation.
2. 1.21<dw<1.65or2.35<dw<2.79 then it can not concluded.
3. DW<1,21orDW>2.79 then the auto correlation occurs.

d. Heteroskedasticity test

Heteroscedasticity test aims to test whether in the regression model occurred innocence of variance from residuants one observation to other observations. Good regression model is that there is no heteroscased content. Methods that can be used to detect heteroked patience symptoms include: Graph method, Park Glejser, Rank Spearman, and Barlett. In this study the method used to detect helicoscasedity

symptoms by seeing the plot graph between the predicted value of the bound variables (ZPred) with the residual (SRESID). Detection There is no heteroscasedity can be done by seeing any of the particular pattern on the scatterplot graph between ZPRED and SRESID where the y axis is predicted y, and the x axis is a residual (y prediction - y actually) located in Studentized.

1. If there are dots form a regular pattern then identify has been heterookedasity.
2. If there isnoclear pattern, as well as the points spread above and below thenumber 0on the y axis, then there is noheteroscased content.

e. Normality test

Test normality aims to test whether the regression model, the dependent variable and the independent variable both have a normal distribution or not. A good regression model is to have a normal data or distore is normal. Methodscan be used for include normality: analysis Graphicalstatistical analysis. Test normality in this research is done by means of graphical analysis. Normality can be detected by seeing the data spread (point) on the diagonal axis of the graph or by looking at the histogram of its residual:

1. If the data spreads around the diagonal line and follows the diagonal line or histogram graph shows the normal distribution pattern (resembled bells), regression meets normality assumption.
2. If the data spreads away from the diagonal line and or not follow the directional direction of the diagonal line or the histogram graph does not show a normal distribution pattern, the regression model does not meet the assumption normality.

Result

This study aims to see the effect of the relationship between independent variables against dependenc variable by using multiple regression linear analysis. But the variables analyzed by the regression model can be a quantitative variable can also be a qualitative variable. Qualitative variables in the regression model are often referred to by the dummy variable.

$$0123_45_423_65_623_75_723_85_82 \hspace{6cm} 2$$

In this case,

Y	= Return on Asset (ROA)
A	= Constant of regression equation
b1, b2	= Regression coefficient
x_1	= Cash Turnar
x2	= Recommended Reconcription
x_3	= Inventory turner
x4	=Working Rounds of Working
Hey	= Standard error

Test hypothesis testing criteria
Test f

Test F is done to see the effect of free variables together with the independent variable:

H0:bed$_1$= B$_2$= 0, there is no effect of working capital changes to ROA.

H1:bed$_1\geq$ B$_2\geq$ 0, there is at least one effect on changes in the proportion of working capital against *Return on Asset*

Test T

T test is done to knowinfluenceeach of-Masing independent variables consisting ofCapitalWork on*Return on Asset*(ROA). The steps to do in this test are as follows formulating the hypothesis:

H0:bed$_1$= B$_2$= 0, there is no effect of change of proportion of working capital against*Return on Asset*(ROA).

H1:bed$_1\geq$ B$_2\geq$ 0, there is at least one effect on changes in the proportion of working capital against*Return on Asset*(ROA).

The results of the depiction of the results obtained in the study consisting of independent variables and dependent variables. The data obtained is the data of financial condition of PT. Tonasa cement published from 2003 to 2012. This data is obtained from the financial statements and annual reports of PT. Temanas cement in the balance sheet, income statements, and other data supported in this study.

Discussion

Based on the results of research and discussion that has been done in Company PT Semen toNASA (Persero) Period 2016-2020, then the conclusion of the conclusionManagement of working capital as a means to improve profitabilityAt PT SemenTonasa. Variable Cash Turnover There is a positive but not significant influence with return on assets, this means the turnaven cash variable provides positive but not significant to return on assets, in other words if cash turnover rose, then the return on the asset will be generated in a one-year forest predicted to remain up despite its insignificant effect.

Conclusion

The Receivable Turnover variable there ispositive and insignificant relationship between return on assets with TurnoverReceivable . This means the RT variable gives positive but not significant to return onAsset, in other words if Receivable Turnover rose, then the return on assets to be generated in a one-year forest predicted to remain up and even its influence is not significant. Variable Inventory TurnoverThere is a positive insignificant effect between return on assets with inventory turnover. This means the inventory turnover variables provide positive but not significant to return on assets, in other words if the Inventory turnover rose,

then the return on the asset will be generated in a one-year forest predicted to remain up and even its influence is not significant. Variable Working Capital Turnover has a negative and significant effect between Return on Asset with Working CapitalTurnover. This means the working capital turnover variables gives a negotene and significant to return on assets, in other words if the working turnover rises, then the return on the asset will be generated in a one-year forest predicted to remain down despite its significant effect.

Reference

Ahmad, Kamaruddin.*Basics of working capital management*. Jakarta: Rineka Cipta, 1997.

Arsyad, Azhar.*Writing Writing Writing Guidelines*. Makassar: Alauddin Press, 2009.

Bramasto, Ari. "*Final fixation asset ratification and reniversary renailing reactions to return on assets*At PT. POS INDONESIA (PERSERO) Bandung "*Unique Economic Journal*, Vol. 9, No. 2 (2007) p. 215 -230.

Burhan Bungin.*Quantitative research method*. CET. III; Jakarta: Prenada Media Group, 2008.

Department of Religion R*Al-Quran And Its Translation*. Bandung: Sigma, 2005.

Gitman Lawrence J.*Principles of Managerial Finance*, 9$^{years\ old}$Edition, AddisonWesley, 2000.

S, nitisemito Alex.*Company spend*, Residented Edition, Jakarta: Indonesia's Ghalia Publisher, 1993.

Sartono, Agus.*Financial Management Theory and Application*. IV edition. Yogyakarta: BPFE, 2010.

Sermahral's generous,*Introduction to Financial Management*, IV Edition, Jakarta: Master Publisher of Media Wacana Media, 2012.

Singagerda, Faurani i Santi.*Analysis of the effect of working capital against profitability and profitability in the "Mandalika" Cooperative of Mataram West Nusa Tenggara. JMK Vol 2. No.1. (2004).*

Sutrisno.*The basics of financial management science*. Yogyakarta: Ejulah Mada Publisher Foundation, 2005.

Syamsuddin, Lukman.*Company Financial Management*. Edition VII, CET. X; Semarang: Book of Warehouse, 2007.

Van Horne, James C DKK,*Principles of Financial Management*, EditionXII book1, Jakarta; Salemba Four, 2009.

Van Horne, James C, and John M. Wachowics, Jr.*Principles of Financial Management*, Book I. IX Edition. Jakarta: Salemba Four, 1997.

DIGITALIZATION OF INFORMATION TRANSPARATION OF INDONESIAN OIL PRODUCTS EXPORT BY THREE MAIN DESTINATION COUNTRIES (JAPAN, SOUTH KOREA AND CHINA)THE PERIOD 2002-2020

Ardi Afrizal

Faculty of Economics and Business, University of Muhammadiyah Jambi

Indria Mayesti

Faculty of Economics and Business, University of Muhammadiyah Jambi

Irmanelly

Faculty of Economics and Business, University of Muhammadiyah Jambi

Abd. Halim

Faculty of Economics and Business, University of Muhammadiyah Jambi

Email Correspondence: emiliaputri605@gmail.com

ABSTRACT

Digitization is the use of digital technology to change an export model in decisionmaking through research results related to the development and value of the contribution of Indonesia's petroleum exports according to the three main destination countries (Japan, South Korea and China) for the period 2002-2020 where for Japan the average destination country is Japan. the average fluctuatingtrend fell by 13% with an average export value of 575 (billion US$) for South Korea an average development of 0.4% with an export value of 229.6 (billion US$) and for destination countries China an average the average developmenthas increased by 25.7% with an export value of 203.5 (billion US$). Meanwhile, the contribution of each destination country (Japan, South Korea and China) to the total value of Indonesia's oil exports for the period 2002-2020 where the average contribution of Japan was 22.9% for South Korea, 11.6% for destination countries. China's 8.6% of research results can be used as a form of transparencythrough digital information so that it can encourage the government to make appropriate decisions for the stability of the nation's economy

KEYWORDS: *Petroleum export*

DIGITALIZATION OF INFORMATION TRANSPARATION OF INDONESIAN OIL PRODUCTS EXPORT BY THREE MAIN DESTINATION COUNTRIES (JAPAN, SOUTH KOREA AND CHINA)THE PERIOD 2002-2020

Introduction

Indonesia is one of the countries that has abundant natural resources from various countries in the world, one of which is in the industrial sector, namely oil commodities which are managed domestically to be used in various useful things such as fuel, power generation. According to research (Hodijah, 2016) in the development of oil producers in Indonesia itself is very large which has anexistence abroad, in the development of petroleum in Indonesia has long been tied to the search for natural resources is very closely related, from this development one of the the commodity sector which has great potential for the development of the state as well as as state revenue is exports in the industrial mining sector which need to be utilized in such a way.

The developing relationship in the destination of Indonesia's petroleum exports is divided into several countries that have become the destination countries with the most production levels over the last 10 years, including Japan, South Korea, and China. It can be calculated how large the value of the volume of petroleum produced during a certain period and calculate the exchange rate of production from eight export destinations for Indonesian petroleum and analyze the gross domestic product produced during a certain time interval. According to the data generated and from several sources of data obtained, we can find out the concrete results that occur in the development of Indonesian exports to other countries which already have a relationship with one another (Archibald, 2011).

The development of petroleum exports in Indonesia often changes with thecosts generated in accordance with the relationship between the rupiah exchange rate against the dollar at different times so that in this case we can calculate how much the rupiah exchange rate is generated by the Indonesian state with oil exportactivities. Indonesia to seven countries that carry out oil export transactions with the Indonesian state and calculate the total income from oil exports for 10 years from the eight countries concerned, in other words calculate the gross domestic product for each of the last one year so that we can find out how much oil production earth produced by the Indonesian state for export activities in an annual period. International trade is important for the economy of every country in order to prosper its people. International trade has an important role because a country cannot meet all the needs within the country (Setiawan, 2016).

The ability of a country to produce goods and services per unit using fewerresources when compared to other countries is an absolute advantage. Theabsolute advantage of a country will not always export all the goods it produces(Boediono, 2000). Oil and natural gas today have become goods that are neededby humans. Because almost all facilities that can be enjoyed by humans now haveto use oil and natural gas Such as cars, motorcycles and airplanes as means oftransportation, both private and public, while electricity and stoves

DIGITALIZATION OF INFORMATION TRANSPARATION OF INDONESIAN OIL PRODUCTS EXPORT BY THREE MAIN DESTINATION COUNTRIES (JAPAN, SOUTH KOREA AND CHINA)THE PERIOD 2002-2020

are householdnecessities. So it can be said that oil and gas are the main sources of world energy.International trade plays an important role in meeting the needs of countries in the world. The occurrence of international trade, foreign exchange isneeded. International trade is defined as trade between or across countries, whichincludes exports and imports (Tambunan, 2001). International trade is importantfor the economy of every country in order to prosper its people. Meanwhile,according to research (Setiawan, 2016) states that international trade has animportant role because a country cannot meet all domestic needs, so based on thedescription above, the authors are interested in conducting research with the titledigitizing transparency of information on exports of Indonesian petroleumproducts according to the three main destination countries. (Japan, South Koreaand China) for the period 2002-2020 where the objective to be achieved is toanalyze the development and contribution of Indonesia's petroleum exportsaccording to the three main destination countries (Japan, South Korea and China) during the period 2002-2020

THEORITICAL REVIEW

1. Digitization

    The digital age is not the digitization of media content to bits, but the dynamic life of "new media" content and interactive relationships with media consumers themselves as described by Lev Monovich. So lies in accessing it in real time (anytime easily). So new media is a term intended to cover the emergence of digital, computer, or networked information and communication technologies in the late 20th century. The definition of new media here can be limited as ideas, feelings, and experiences that a person gains through his involvement in new, different and more challenging mediums and ways of communicating (Wicaksono, 2017).

2. International Trade

    In many countries, international trade is one of the main factors to increasegross domestic product (GDP). For this reason, the history of the development of international trade has gone through time to time, including Preclassic, Classical and Modern. Economics as an organized science can be said to have been born since the publication of Adam Smith's book "The Wealth Of Nation" in 1776, although writings on international trade have appeared before in several countries such as England, Spain, France, Portugal and the Netherlands when these countries become modern nation states (Salvatore, 1997).

    This view then gave rise to an economic philosophy called Mercantilism. They argue that the only way for a country to become rich and powerful is to export as much as possible and import as little as possible (exports > imports). The export surplus generated will then be in the form of gold bullion flows, or precious metals, especially gold and silver. The mercantilists measure the wealth of a country by the stock or reserves of precious metals they have, thus encouraging many wars among European countries and starting the era of

European imperialism to other parts of the world. In classical theory, internationaltrade was put forward by 2 economists, namely Adam Smith and David Ricardo. According to Salvatore in his book entitled "International Economics" states that international trade is based on absolute advantage and on comparative advantage.

3. Export

According to (Mankiw, 2006), exports are goods and services produced domestically that are widely sold abroad. That way, exports include trade betweenislands or between regions within the country with as much as possible to be able to reach consumers as wide as possible. Meanwhile, according to (Sukirno, 2016), physically export is defined as the delivery and sale of domestically made goodsto other countries. These shipments will cause a flow of expenditure into the corporate sector, thus aggregate expenditure will increase as a result of exporting goods and services and in the end this situation will lead to an increase in national income.

Many factors will determine and basically the interests of exports in one country are different from other countries. A country can export its production goods to other countries if the goods are needed by other countries and they cannot produce these goods or their production cannot meet domestic needs.According to (Mankiw, 2006), the factors that affect net exports (net exports) include, 1 Consumer tastes for goods produced at home and abroad; 2. Prices of goods abroad and within the country; 3The exchange rate (exchange rate) which determines the amount of domestic currency needed to buy foreign currency; 4. Consumer income at home and abroad; 5 The cost of bringing goods from one country to another; 6 Government policy on international trade. An even more important factor is the ability of the country to issue goods that can compete in foreign markets. What is meant is that the quality and price of the goods exported must be at least as good as those traded in foreign markets (Sukirno, 2016). Export-import is an activity that is quite important in every country. There is no country in this world that does not conduct foreign trade. In some countries, exports are very important, covering a fairly large part of national income, but in other countries, their role is relatively small.

Method

The research method is a scientific method and is used to obtain data with the aim of being able to describe, prove, develop and find knowledge, theories, to understand, solve, and anticipate problems in human life (Sugiyono, 2012). The analytical tool of this research is an analysis of the development of Indonesia's petroleum exports by main destination countries (Japan, South Korea, and China for the period 2002-2020, using the growth model) and to analyze the contribution of each of the three destination countries (Japan, South Korea and China) to the total value of Indonesia's oil exports for the period 2002-2020, using the formula *contribution*

DIGITALIZATION OF INFORMATION TRANSPARATION OF INDONESIAN OIL PRODUCTS EXPORT BY THREE MAIN DESTINATION COUNTRIES (JAPAN, SOUTH KOREA AND CHINA)THE PERIOD 2002-2020

Result

The results of the calculation of the development of Indonesia's petroleum exports by main destination countries (Japan, South Korea and China) for the period 2002-2020 are shown in the table below:

Table 1. Development of Indonesia's Petroleum Exports by Three Main Destination Countries (Japan, South Korea and China) for the Period 2002-2020

Tahun	Jepang	%	Korea Selatan	%	Tiongkok	%
2002	290,1	~	295,6	~	67,5	~
2003	487,8	68,1	218,4	(26,1)	148,6	120,1
2004	692,7	42,0	222,6	1,9	131,9	(11,2)
2005	1.074,8	55,2	128,9	(42,1)	143,2	8,6
2006	1.289,1	19,9	234,3	81,8	238,0	66,2
2007	1.415,4	9,8	208,5	(11,0)	157,4	(33,9)
2008	1.819,9	28,6	238,7	14,5	191,5	21,7
2009	540,4	(70,3)	306,1	28,2	255,5	33,4
2010	839,3	55,3	393,8	28,7	566,5	121,7
2011	1.147,0	36,7	368,7	(6,4)	362,5	(36,0)
2012	725,0	(36,8)	370,7	0,5	265,2	(26,8)
2013	291,0	(59,9)	175,9	(52,5)	636,7	140,1
2014	191,7	(34,1)	267,8	52,2	102,4	(83,9)
2015	103,1	(46,2)	187,0	(30,2)	65,4	(36,1)
2016	1,2	(98,8)	150,1	(19,7)	42,6	(34,9)
2017	3,9	225,0	130,5	(13,1)	141,2	231,5
2018	2,9	(25,6)	170,3	30,5	159,3	12,8
2019	6,1	110,3	177,4	4,2	77,8	(51,2)
2020	4,1	(32,8)	116,8	(34,2)	113,9	46,4
Rata	575,0	13,0	229,6	0,4	203,5	25,7

Source: BPS data processed 2022

Research findings on the development of Indonesia's petroleum exports according to the three main destination countries (Japan, South Korea and China) during the 2002-2020 period, where the average destination country for Japan experienced a fluctuating decline of 13% with an average export value of 575 (billion) US$) for the destination country, South Korea, the average development is 0.4% with an export value of 229.6 (billion US$) and for the destinationcountry China, the average trend is increasing by 25.7% or with an export valueof 203 ,5 (billion US$). The increase in exports is basically to increase state income through foreign exchange and will ultimately improve the welfare of the Indonesian people. Furthermore, to see fluctuations in the development of Indonesia's petroleum exports by main destination countries (Japan, South Korea, and China) during the 2002-2020 period, see the picture below:

Picture 1. Development of Indonesia's Petroleum Exports by Three Main Destination Countries (Japan, South Korea and China) for the Period 2002-2020
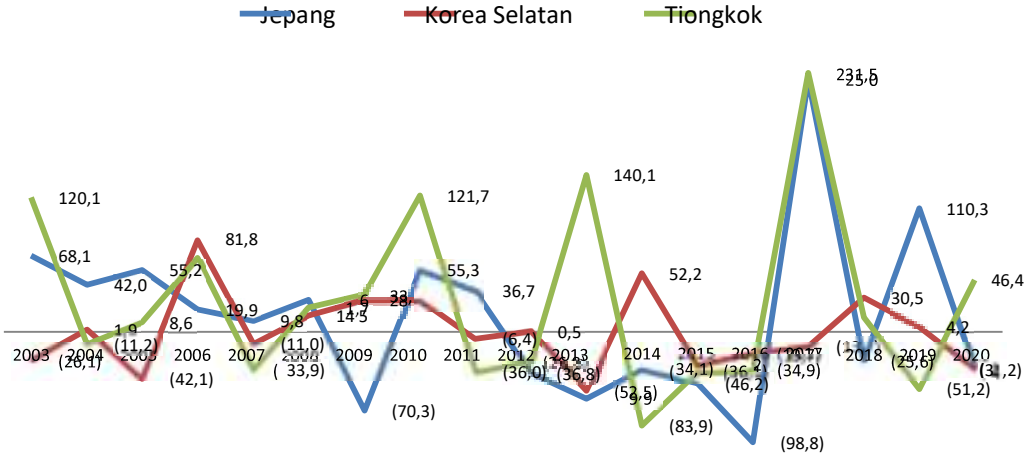
The results of the calculation of the contribution of each destination country (Japan, South Korea, and China) to the total value of Indonesia's oil exports for the period 2002-2020 are shown in the table below:

Table 2 Contribution of three Destination Countries (Japan, South Korea and China) to the Total Export Value of Indonesian Petroleum Products for the period 2002-2020

Tahun	Kon_Jepang	Kon_Korea Selatan	Kon_Tiongkok
2002	26,7	27,2	6,2
2003	37,8	16,9	11,5
2004	47,8	15,4	9,1
2005	59,8	7,2	8,0
2006	47,5	8,6	8,8
2007	50,4	7,4	5,6
2008	52,1	6,8	5,5
2009	24,6	13,9	11,6
2010	22,9	10,8	15,5
2011	25,8	8,3	8,2
2012	18,7	9,5	6,8
2013	7,1	4,3	15,6
2014	5,5	7,7	2,9
2015	6,1	11,1	3,9
2016	0,2	19,1	5,4
2017	0,3	9,3	10,1
2018	0,2	14,4	13,4
2019	0,4	12,9	5,6
2020	0,3	9,0	8,8
Rata	**22,9**	**11,6**	**8,6**

Source: BPS data processed 2022

The results of research findings on the contribution of three destination countries (Japan, South Korea and China) to the total value of Indonesia's oil exports for the period 2002-2020 where the average contribution of Japan is 22.9% for South Korea of 11.6% and 8.6% for destination countries, so from the findings of this study, Japan is the dominant country for Indonesia's oil exports, followed by South Korea and China. Basically, this contribution value describes the strength of relations between countries in a mutually beneficial economic situation, especially Indonesia and to see the fluctuations in the contribution of each destination country (Japan, South Korea and China)

Discussion

The conclusion of this study is that the development of Indonesia's oil exports according to the three main destination countries (Japan, South Korea and China) during the period 2002-2020 where for Japan the average fluctuated decreased by 13% with an average export value of 575 (billion US$) for the destination country, South Korea, the average development is 0.4% with an exportvalue of 229.6 (billion US$) and for the destination country China, the average development is 25.7% or with an export value of 203.5 (US$). billion US$). Meanwhile, the contribution of the three destination countries (Japan, South Korea and China) to the total value of Indonesia's oil exports during the period 2002-2020 where the contribution of Japan's destination countries was on average 22.9% for South Korea of 11.6% and for China's destination countries by 8.6%.

Conclusion

The two findings of this study can become a medium of information through digitizing the transparency of Indonesia's export position and can be a continuityin determining economic policies as a whole and quickly according to the needs of the community. So that the results of this study provide the first suggestion for oil export actors, in this case, producers under Pertamina's control can increase oilproduction and increase production added value so that the value of petroleum exports becomes more competitive in the eyes of the international community andincreases state revenues from export taxes. Both export policies, in this case the government, are able to enforce existing regulations so that parties involved in oil export activities are protected from oil and gas maps.

Reference

Archibald Damar. 2011. *International Economics*. 2nd ed. Yogyakarta: BPFE-UGM.

Boediono. 2000. *International Economics*. Yogyakarta: BPFE.

Mankiw, N. Gregory. 2006. *Introduction to Macroeconomic Theory*. 3rd ed. Jakarta: Salemba Empat.

Rizky Wicaksono. 2017. *Software Engineering*. Jakarta: Seribu Bintang.

Sadono Sukirno. 2016. *Introductory Theory to Macroeconomics*. Yogyakarta: Rajawali Press.

Salvatore. 1997. *International Economics*. Jakarta: Erlangga

FACTORS AFFECTING TAX AVOIDANCE ON PROPERTY AND REAL ESTATE COMPANIES LISTED ON IDX

Lailatul Maghfiroh

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Aditya Hermawan

Institut Teknologi Dan Bisnis Asia Malang, Indonesia

Email Correspondence: ellaila16@gmail.com

ABSTRACT

This study aims to determine and analyze the effect of profitability, leverage, liquidity and capital intensity on tax avoidance. The population of this study is property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2018 to 2020 with a population of 80 companies. Determination of this sample using nonprobability sampling method and purposive sampling technique with the results obtained by 16 companies that meet the criteria, with a total of 48 observations. The results of the study prove that profitability, leverage, liquidity, and capital intensity have no effect on tax avoidance.

KEYWORDS: Tax Avoidance, Profitability, Leverage, Liquidity, and Capital Intensity

Introduction

Taxes are an important source of funding for the Indonesian economy. Tax is a public obligation to the state and as a form of community participation in the development of the homeland and the state. Taxes according to Law Number 16 of 2009 concerning General Provisions and Tax Procedures in Article 1 paragraph 1 are mandatory contributions to the state owed by individuals or entities that are coercion based on the law by not getting a direct reward and being used for the needs of the state for the greatest prosperity of the people (Dewinta and Setiawan, 2016). Through taxes, the government can carry out its programs with the aim of increasing economic growth through the development of infrastructure, public assets, and other public facilities.

Tax is one of the largest sources of state revenue and aims to meet the needs of a country. Dharma and Noviari, 2017 stated that every taxpayer is required to participate so that the rate of growth and implementation of national development can run well for the welfare of the country. However, the government and taxpayers have different interests in the implementation of tax collection. The government wants to continue to increase or optimize state revenues through taxes to finance state administration. However, most taxpayers consider tax is a burden because it reduces their income, taxpayers try to pay taxes to a minimum so that the income or profit that has been set can be achieved. This difference in interests causes taxpayers to tend to reduce the amount of tax payments, both legally and illegally. Efforts to reduce tax payments legally are called tax avoidance, while efforts to reduce tax payments illegally are called tax evasion.

Tax Avoidance are obstacles that occur in tax collection, resulting in reduced state treasury revenues. The problem of avoiding the tax burden is a complex and unique problem. On the one hand, tax avoidance is allowed, but on the other hand it is undesirable. Tax avoidance that is carried out does not conflict with tax laws, because it is considered that practices related to tax avoidance take advantage of loopholes in the tax law which will affect state cash receipts from the tax sector (Mahdiana and Amin, 2020).

In Indonesia, tax avoidance occurs among property and real estate companies. The Director General of Taxes suspected that there was an evasion of a property tax worth Rp. 30 trillion which should have gone into the state treasury. The mode that is often used by property companies to avoid taxes is by property developers reporting property taxes using the basis of the Selling Value of the Tax Object. The developer claims to have used a higher market price. Meanwhile, the transaction value includes elements of developer profits and emotional prices. This element of emotional price boosts property prices beyond the value of the land and buildings. This is what causes property companies to be accused of being an obstacle to the tax revenue target that has been set by the tax revenue ceiling in the 2013 Revised State

Budget. This is because the Directorate General of Taxes (DGT) noted that there was a dispute in property company tax reporting (Kartana and Wulandari, 2018).

There are several factors that influence a company to avoid taxation, including profitability, leverage, company size, audit committee, corporate governance, liquidity, capital intensity and institutional ownership, etc. However, this research only covers several factors, that is profitability, leverage, liquidity and capital intensity.

Profitability is one indicator that reflects the company's financial health. With a high profitability value indicates that the company's ability to earn good profits and can also utilize its assets effectively and efficiently, so that the company is able to pay the company's expenses including the company's tax burden. Profitability is a measurement for the performance of a company's profitability which consists of several ratios, one of which is Return On Assets (ROA). Return on Assets (ROA) is an indicator that reflects the company's financial performance, the higher the ROA value, the company's financial performance can be categorized as good (Maharani and Suardana, 2014). Several studies have been conducted on the effect of profitability on tax avoidance but the results are still varied, research from Ayem and Setyadi (2019) and Handayani (2018) shows that profitability has an effect on tax avoidance. The results of Mahdiana and Amin's (2020) research show that profitability has a positive effect on tax avoidane, the results of this study are in line with the research of Dewinta and Setiawan (2019) and Sulaeman (2021). While the results of research conducted by Saputra and Asyik (2017), and Cahyono, et al (2016) show that profitability has no effect on tax avoidance.

Another financial ratio that is a factor in a company to carry out its tax obligations is leverage. Leverage is the ability of a company to rely on assets/funds. These assets/funds have a burden in realizing the company's goals, so that they can maximize the wealth of the company owners or shareholders (Sembiling and Hutabalian, 2022). Leverage is a ratio that shows the amount of debt owned by the company to finance its fixed assets. The addition of the amount of debt will result in the emergence of interest expenses that must be paid by the company, so that the tax burden to be paid will reduce the company's pre-tax profit, so that the tax burden paid by the company will be reduced (Adelina, 2012. In Widagdo, et al 2020). Leverage ratio or solvency is a ratio used to measure how much debt the company must bear in order to fulfill assets. The most common proxies used to calculate leverage are the Debt to Total Assets ratio (DAR) and the Debt to Equity Ratio (DER).

Debt to Equity Ratio (DER) is a ratio that compares the amount of debt to equity. This ratio is often used by researchers and investors to see how much the company's debt is compared to the equity owned by the company or shareholders. The higher the DER, it is assumed that the company has a higher risk of its liquidity (Saputa and Asyik, 2017). Several studies have been conducted on the effect of leverage on tax avoidance but the results are still varied, research from (Saputa and Asyik, 2017) and Widagdo, et al. (2020), Sa shows that leverage has a

significant effect on tax avoidance. However, the results are different from the research conducted by Handayani (2018), Cahyono, et al (2016) and Gultom (2021) which shows that leverage does not have a significant effect on tax avoidance.

Liquidity is the ability of a company to meet its short-term obligations when they fall due. With good cash flow management, the company will be able to pay short-term obligations including paying taxes in accordance with applicable regulations. If the company's liquidity is low, it can reflect that the company will have difficulty in meeting short-term obligations. The measurement used in liquidity is the current ratio (Nur, 2020). Several studies have been conducted on the effect of liquidity on tax avoidance but the results are still varied, research from Sembiring and Hutabalian (2022) shows that liquidity has a positive effect, and research from Nur (2020) shows that liquidity results have a negative effect on tax avoidance, while research conducted by Gultom (2021) shows that liquidity results have no effect on tax avoidance.

Capital Intensity is defined by how the company sacrifices to spend funds for operating activities and asset funding in order to gain company profits. Capital Intensity is defined as the intensity of capital is one form of financial decisions. The decision was determined by the company's management to increase the company's profitability (Dessy et al., 2018). Capital Intensity describes how big the proportion of the company's fixed assets from its total assets. Capital Intensity can be calculated using the proxy of total fixed assets divided by total assets owned by the company. Several studies have been conducted on the effect of liquidity on tax avoidance but the results are still varied, research from Widagdo et al. (2020) and Dwiyanti and Jati (2019) show that the results of Capital Intensity have an effect on tax avoidance. However, the research conducted by Dessy et al. (2018) Capital Intensity has no effect on tax avoidance.

Method

According to Bahri (2018; 49) the population is the entire object and fulfills certain characteristics. The scope of the research is property and real estate companies listed on the IDX for the 2019-2021 period. Determination of this sample using nonprobability sampling method and purposive sampling technique with sample selection: (1) Property and real estate companies listed on the IDX for the period 2019-2021. (2) Property and real estate companies that are consistently listed on the IDX during the 2019-2021 period. (3) companies that provide complete information needed by research. (4) Property and real estate companies that do not suffer losses during 2019-2021.

The operational definition of research variables is:

1. Tax avoidance is measured using the Cash Effective Tax Rate (CETR), namely the payment of taxes in cash on company profits before income tax. CETR was chosen as a proxy for

tax avoidance because it identifies the aggressiveness of corporate tax planning that is carried out using fixed and temporary differences (Chen et al., 2010).

2. The profitability used by the author is return on assets (ROA) because ROA is most closely related to the company's efficiency in generating profits. The greater the ROA value, the greater the level of profit achieved by the company and the better the company's position in the use of investment.

3. Leverage is the company's ability to use debt to finance investment. Leverage is measured by dividing all total liabilities by equity.

4. Liquidity measurement of the company's ability to meet short-term financial obligations can be known by comparing the amount of current assets (current assets) with current liabilities, the comparison between current assets and current liabilities is usually called the current ratio (current ratio).

5. Capital Intensity can be defined as a company whose assets are fixed assets and inventories (Rifka, 2016). Rodigue Arias (2012) (Dwi Cahyadi, 2016) states that the fixed assets owned by the company support the company for tax taxes due to depreciation of fixed assets every year. This shows that companies that decide to invest are still allowed to calculate depreciation which can be used as a deduction from taxable income and as a tax management effort.

Result

Descriptive statistical analysis is a procedure for compiling and presenting data collected in a study with the aim of getting a picture or describing a set of observational data so that it is easy to understand, read, and use as information. Descriptive statistics in this study can be seen in the following table:

Table 1. Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	48	.000	18.618	.43200	2.681131
DER	48	.007	3.668	.60838	.712459
CR	48	.936	84.526	7.41727	17.017862
CAP	48	.004	.650	.10392	.152562
CETR	48	-2.810	.684	-.24863	.481235
Valid N (listwise)	48				

Data source processed, 2022

From the table above, it is known that the number of observations studied were 48 observations, based on the last 3 periods of the Annual Financial Statements (2019-2022)from property and real estate companies listed on the IDX. In descriptive statistics, it canbe seen the mean value, as well as the level of spread (standard deviation) of each tablestudied. The

mean value is a value that indicates the magnitude of the influence of an independent variable on the dependent variable.

It can be seen from the descriptive analysis table that the ROA value has a mean of 0.43200 with a standard deviation of 2.681131, and a minimum and maximum value of 0.000 and 18.618. It can be seen from the descriptive analysis table that the DER value has a mean of 0.60838 with a standard deviation of 0.712459, and a minimum and maximum value of 0.007 and 3.668. It can be seen from the descriptive analysis table that the CR value has a mean of 7.41727 with a standard deviation of 17.017862, and a minimum and maximum value of 0.936 and 84.526. It can be seen from the descriptive analysis table that the CAP value has a mean of 0.10392 with a standard deviation of 0.152562, and a minimum and maximum value of 0.04 and 0.650. It can be seen from the descriptive analysis table that the CETR value has a mean of -0.24863 with a standard deviation of 0.481235, and a minimum and maximum value of -2.810 and 0.684.

Table 2. Data Normality Test

		Unstandardized Residual
N		48
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.47085947
Most ExtremeDifferences	Absolute	.267
	Positive	.267
	Negative	-.267
Test Statistic		.267
Asymp. Sig. (2-tailed)		.000[c]

Data source processed, 2022

Based on table 2 the significant value is 0.000. The results of the normality data test have a significance value of <0.05, meaning that the data is not normally distributed. In this study, to normalize the data, transform the data on the dependent variable and the independent variable. After transforming the data, then removing the data that are considered extreme (outliers) and testing again. The following are the results of the data normality test:

Table 3 Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	.722	1.386
	DER	.754	1.326
	CR	.723	1.384
	CAP	.969	1.032

Data source processed, 2022

Based on table 4, the results of the tolerance value and the VIF value of each variable are obtained. ROA obtained a tolerance value of 0.722 and a VIF value of 1.386. DER obtained a tolerance value of 0.754 and a VIF value of 1.326. CR obtained a tolerance value of 0.723 and a VIF value of 1.384. The CAP

tolerance value is 0.969 and the VIF value is 1.032. From the four variables, the tolerance value is > 0.1 and the VIF value is < 10, so it can be concluded that there is no multicollinearity.

Table 4. Autocorrelation test

		Unstandardized Residual
N		48
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.47085947
Most ExtremeDifferences	Absolute	.267
	Positive	.267
	Negative	-.267
Test Statistic		.267
Asymp. Sig. (2-tailed)		.024[c]

Data source processed, 2022

Based on table 5 the test results show a test value of 0.00276 and a significance value of 0.204. The test results show that the significance value is > 0.05, it can be concluded that the data does not have autocorrelation.

Table 5 Heteroscedasticity test

			ROA	DER	CR	CAP	Unstan dardiz ed Residual
Spear man's rho	ROA	Correlation Coefficient	1.000	-.191	-.133	-.379*	.063
		Sig. (2-tailed)	.	.231	.406	.014	.694
		N	41	41	41	41	41
	DER	Correlation Coefficient	-.191	1.000	-.432**	.236	-.251
		Sig. (2-tailed)	.231	.	.005	.137	.113
		N	41	41	41	41	41
	CR	Correlation Coefficient	-.133	-.432**	1.000	-.327*	.150
		Sig. (2-tailed)	.406	.005	.	.037	.349
		N	41	41	41	41	41
	CAP	Correlation Coefficient	-.379*	.236	-.327*	1.000	-.094
		Sig. (2-tailed)	.014	.137	.037	.	.561
		N	41	41	41	41	41
	Unstandardi zed Residual	Correlation Coefficient	.063	-.251	.150	-.094	1.000
		Sig. (2-tailed)	.694	.113	.349	.561	.
		N	41	41	41	41	41

Data source processed, 2022

Based on table 6 shows the correlation between the variables ROA, DER, CR, CAPwith the unstandardized residual value. The result of ROA correlation with unstandardizedresidual value is 0.694. DER with an unstandardized residual value of 0.113. CR with anunstandardized residual value of 0.349. CAP with an unstandardized residual value of 0.561. The correlation of these variables has a significance value (sig 2 tiled) > 0.05, so it can be concluded that there is no heteroscedasticity in the data.

Tabel 6 Analisis regresi berganda

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std.Error	Beta		
1	(Constant)	.139	.030		4.585	.000

ROA	-.757	.381	-.363	-1.990	.054
DER	-.013	.021	-.112	-.628	.534
CR	.000	.001	-.060	-.331	.743
CAP	-.088	.065	-.211	-1.343	.188

Multiple regression equation can be explained as follows:

$$Y = a + 1X_1 + 2X_2 + 3X_3 + 4X_4 + e \quad \text{(1)}$$

$$\text{Tax Avoidance} = 0.139 + -0.757\ ROA + -0.013\ DER + 0.000\ CR + -0.088\ CAP + 0.030 \quad \text{(2)}$$

From the results of the above equation can be interpreted as follows:

a. Constant value of 0.139. The value of the ROA, DER, CR, and CAP variables showsa value of 0 then the tax avoidance value obtained is 0.139
b. The ROA regression coefficient value is -0.757 with a negative direction which meansthat every 1 unit increase in profitability will make a decrease in the value of tax avoidance by 0.757
c. The DER regression coefficient value is -0.013 with a negative direction which meansthat every 1 unit increase in leverage will make a decrease in the value of tax avoidance by 0.013
d. The value of the CR regression coefficient is 0.000 with a positive direction which means that every 1 unit increase in liquidity will decrease the value of tax avoidance by 0.00
e. The CAP regression coefficient value is -0.088 with a negative direction which meansthat every 1 unit increase in capital intensity will make a decrease in the value of tax avoidance by 0.088

Tabel 8. Uji Koefisien Determinasi (R^2)

Model	R	R Square	Adjusted RSquare	Std. Error ofthe Estimate
1	.369[a]	.137	.041	.06631

Data source processed, 2022

Based on table 8, the value of the coefficient of determination in this study was measured by the adjusted R square value. The results of the coefficient of determination(R^2) show the adjusted R square value of 0.041 or 4.1%, meaning that the tax avoidancevariable (Y) can be explained by the four independent variables of profitability, leverage, liquidity and capital intensity of 4.1% while the rest (100 %-4.1 = 95.9%) can be explainedby other variables outside the model.

Discussion

Effect of Profitability on Tax Avoidance

The profitability variable (ROA) has a significance value of 0.054 > 0.05 and the valueof tcount = -1.990 < ttable = 2.02269. These results show that profitability has no effect on tax avoidance, so it can be concluded that the hypothesis is rejected. Profitability which is proxied using Return

On Asset (ROA) does not have a significant effect. A high ROA indicates that the company has utilized its assets effectively and efficiently. Companies that have good tax planning will get optimal taxes so that companies do not need to do tax evasion. The results of this study are in line with research by Cahyono (2018) and Saputra (2017) which state that profitability has no effect on tax avoidance, this result is not in line with research conducted by Handayani (2018) and Ariawan and Setiawan (2017) which states that profitability has an effect on tax avoidance.

Effect of Leverage on Tax Avoidance

The leverage variable (DER) has a significance value of 0.534 > 0.05 and the value of tcount = -0.628 < ttable = 2.02269. These results show that leverage has no effect on tax avoidance, so it can be concluded that the hypothesis is rejected. The results of the study show that leverage with the DER proxy has no effect on tax avoidance. The higheror lower leverage will not affect tax avoidance activities in the company, the company does not use debt to reduce the tax burden but is actually used for the company's operational costs. The higher the debt level of a company, the management will be moreconservative in conducting financial reporting on operations. The results of this study arein line with Handayani (2018) and Gultom (2021) which state that leverage has no effect on tax avoidance, this result is not in line with research conducted by Oktamawati (2017)and Mahdiana and Amin (2020) which states that leverage has an effect on tax avoidance.

Effect of Liquidity on Tax Avoidance

The liquidity variable (CR) has a significance value of 0.743 > 0.05 and tcount = -0.331 < ttable = 2.02269. These results show that liquidity has no effect on tax avoidance,so it can be concluded that the hypothesis is rejected. The results showed that liquidity with CR proxy had no effect on tax avoidance. It is very important to maintain liquidity in a company, this shows that the company's finances do not have problems regarding cashflow and are able to bear the costs that arise such as taxes, and show healthy company finances. In this case, the company does not need to do tax avoidance. The results of thisstudy are in line with Gultom (2021) which states that liquidity has no effect on tax avoidance, this result is not in line with research conducted by Sembiring and Hutabalian(2022) and Abdullah (2020) which states that liquidity has an effect on tax avoidance.

Effect of Capital Intensity on Tax Avoidance

The variable capital intensity (CAP) has a significance value of 0.188 > 0.05 and thevalue of tcount = -1.343 < ttable = 2.02269. These results show no effect on tax avoidance, so it can be concluded that the hypothesis is rejected. The results showed that capital intensity with CAP proxy had no effect on tax avoidance. The company uses its fixed assets for company operations, not to be used as depreciation expense for fixed assets. Although the company has a fairly high capital intensity, it is not able to minimizetax avoidance actions, which means that management by utilizing the depreciation costsof fixed assets as tax deductions is not able to minimize tax avoidance actions. The resultsof this study are in line with Dessy et al (2018) which states that capital intensity has no effect on tax avoidance, this result is not in line with

research conducted by Muzakki andDarsono (2015) and Wdagdo et al. (2020) which states that capital intensity affects tax avoidance

Conclusion

Based on the results of the analysis and discussion that has been carried out in this study, it can be concluded that the profitability proxied using the Return On Asset (ROA) measurement tool does not have a significant effect on Tax Avoidance. A company with a high ROA is able to pay the entire burden of the company including the tax burden, so that a high ROA value does not affect the existence of Tax Avoidance actions. Leverage has no effect on Tax Avoidance. The higher the leverage will not affect the Tax Avoidance activity in the company, because the higher the debt level of a company, the management will be more conservative in conducting financial reporting on the company's operations. Liquidity has no effect on Tax Avoidance. This shows that if the liquidity in the company is high, it will not affect the Tax Avoidance action. Capital Intensity has no effect on Tax Avoidance. The amount of assets owned by a company does not affect the Tax Avoidance action.

Based on the results of the analysis and the conclusions above, several suggestions can be made for further researchers, namely for further researchers to develop research with other variables that have not been used, which have an influence on Tax Avoidance activities in companies. And can add the year period so that the results are more accurate.

Reference

Abdullah, Ikhsan. 2020. "Pengaruh Likuiditas Dan Leverage Terhadap Penghindaran Pajak Pada Peusahaan Makanan Dan Minuman." *Jurnal Riset Akuntansi Dan Bisnis* 20(1):16–22.

Anindyka S, Dimas et al. 2018. "Pengaruh Leverage (DAR), Capital Intensity Dan Inventory Intensity Terhadap Tax Avoidance." *E-Proceeding of Management* 5(1):713.

Ariawan, I. Made Agus Riko and Putu Ery Setiawan. 2017. "Pengaruh Dewan Komisaris Independen, Kepemilikan Intitusional, Profitabilitas Dan Leverage Terhadap Tax Avoidance." *E-Journal Akuntansi Universitas Udayana* 18(3):1831–59.

Bahri, Syaiful. 2018. *Metodologi Penelitian Bisnis*. Yogyakarta: Andi.

Cahyono, Deddy Dyas et al. 2016. "Pengaruh Komite Audit, Kepemilikan Intirusional, Dewan Komisaris, Ukuran Perusahaan (Size), Leverage, (DER) Dan Profitabilitas (ROA) Terhadap Tindakan Penghindaran Pajak (Tax Avoidance) Pada Perusahaan Perbankan Yang Listing Di BEI Periode Tahun 2011-2013." *Journal Of Accounting* 2(2).

Dessy et al. 2018. "Pengaruh Pengungkapan Corporate Social Responsibility, Preferensi Risiko Eksekutif, Dan Capital Intensity Terhadap Tax Avoidance Perusahaan Sektor Pertanian Dan Pertambangan Yang Terdaftar Di BEI." *Jurnal Fairness* 8(2):153–70.

Dewinta, Ida Ayu Rosa dan Putu Ayu Setiawan. 2016. "Pengaruh Ukuran Perusahaan, Umur Perusahaan, Profitabilitas, Leverage, Dan Pertumbuhan Penjualan Terhadap Tax Avoidance." *E-Jurnal Akuntansi Universitas Udayana* 14(3):1584–1613.

Dharma, I. Made Surya dan Putu Agus Ardiana. 2016. "Pengaruh Leverage, Intensitas Aset Tetap, Ukuran Perusahaan, Dan Koneksi Politik Terhadap Tax Avoidance." *E-Journal Akuntansi Universitas Udayana* 15(1):584–613.

Dharma, Nyoman Budhi Setya Dan Naniek Noviari. 2017. "Pengaruh Corporate Social Responsbility Dan Capital Intensity Terhadap Tax Avoidance." *E- Jurnal Akuntansi Universitas Udayana* 18(1):529–56.

Dwiyanti, Ida Ayu Intan and I. Ketut Jati. 2019. "Pengaruh Profitabilitas, Capital Intensity, Dan Inventory Intensity Pada Penghindaran Pajak." *Pengaruh Profitabilitas, Capital Intensity, Dan Inventory Intensity Pada Penghindaran Pajak* 27(3):2293–2321.

Gultom, Jamothon. 2021. "Pengaruh Profitabilitas, Leverage, Dan Likuiditas Terhadap Tax Avoidance." *Jurnal Akuntansi Berkelanjutan Indonesia* 4(2).

Handayani, Rini. 2018. "Pengaruh Return On Asset (ROA) Leverage, Dan Ukuran Perusahaan Terhadap Tax Avoidance Pada Perusahaan Perbankan Yang Listing Di BEI Periode Tahun 2012-2015." *Jurnal Akuntansi Maranatha* 10(1):72–84.

"PELANUSA" MARKET PERFORMANCE: HOW DIGITAL MARKETING PLATFORM COMPLETELY MEDIATE KNOWLEDGE EMPOWERMENT AND INNOVATION PERFORMANCE.

Widiya Dewi Anjaningrum

Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Agus Purnomo Sidi

Management, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Fransiska Sisilia Mukti

Information Technology, Institut Teknologi dan Bisnis Asia Malang, Indonesia

Email Correspondence: agusps@asia.ac.id

ABSTRACT

The hegemony of digital platforms currently presents a formidable challenge for the Pelanusa group that runs a social entrepreneurship-based business that attracts marginalized women and women with disabilities. The purpose of this study is to find out how the role of knowledge empowerment and digital marketing platforms in achieving innovation performance which ultimately has an impact on market performance. A total of 180 Pelanusa entrepreneurs have been researched through a questionnaire and the data were analyzed using PLS. The results of the study prove that the knowledge empowerment is needed to increase the digital marketing platforms. The success of innovation performance does not depend on high knowledge empowerment, but rather depends on the level of digital marketing platforms used, and market performance will be strongly shaped by innovation performance. It is also evident that digital marketing platforms mediate the effect of empowering knowledge on innovation performance in its entirety.

KEYWORDS: Knowledge Empowerment, Digital Marketing Platform, Innovation Performance, Market Performance

Introduction

After the worsening of the country's economy due to the COVID-19 pandemic, the Creative Economy sector was able to become the frontline in the momentum of national economic revival (Kemenparekraf, 2021). As the information in Figure 1. shows, there is a relatively large increase in total creative economy exports in 2021 which reflects the success of Indonesia's Creative Economy market performance in the post-pandemic era.

Figure 1. Graph of Total Creative Economy Exports
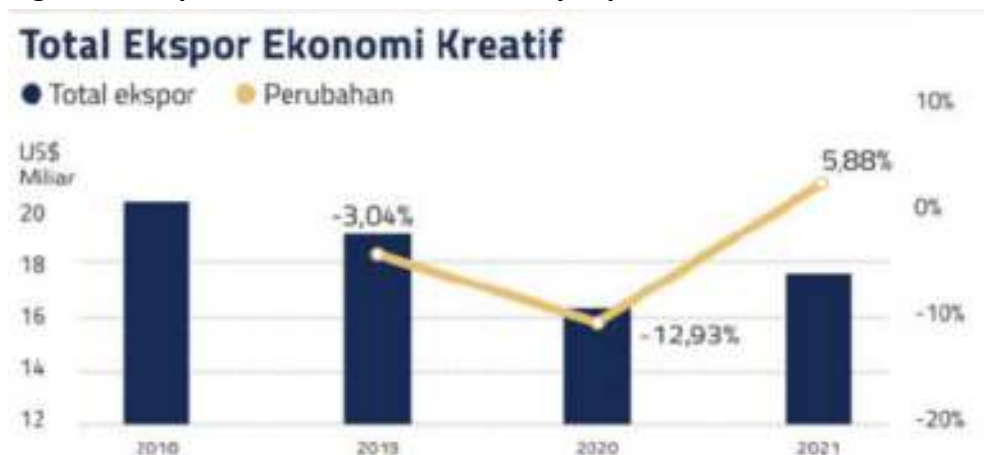
Source: (Salahudin Uno, 2021)

However, there are still many challenges to be faced. The intensive application of advanced technology leads to a digital transition (Kostić, 2018) making every creative industry in this digital economy era must operate in an environment that is easy to change quickly with increasingly fierce competition pressures (Anjaningrum, 2021). The main form of competition faced by the Creative Economy sector according to research results Anjaningrum & Rudamaga (2019) is innovation competition. Seeing these conditions, Minister of Tourism and Creative Economy of Indonesia encourages creative-entrepreneurs to innovate by utilizing digital platforms (Rukendi, 2021). As research results Bartczak (2021) explain that digital platforms can be an effective factor in implementing innovative business models. The same thing was also expressed by Jun et al. (2021) who explained that the existence of a digital platform made the innovation performance of SMEs higher. However, the hegemony of digital platforms also presents its own challenges for creative-entrepreneurs, that is the need for high-quality resources. This is a relatively formidable challenge for the "Pelanusa" Group that runs a social-entrepreneurship-based business.

The Pelanusa group is a group of patchwork craftswomen who attract marginalized women and people with disabilities. Marginalized women here are housewives who are young, unproductive or not working, and have low education, elementary and junior high school education. Through the guidance of the Pelangi Nusantara Singhasari Foundation (Pelanusa Foundation) which is headquartered in Malang Regency, East Java Province. These marginalized people are given training on making various kinds of products made from

patchwork, such as bags, wallets, bed covers, unique clothes, and others. They also get guidance on how to become creative-entrepreneurs, how to run a business, and how to manage a business. They also receive assistance from the production process to marketing and selling and financial records (Wien, 2016). In the practice of social-entrepreneurship, the Pelanusa Foundation also attracts people with disabilities by being given the same training, mentoring and assistance as the marginalized women, but with a different approach due to physical limitations, both physically disabled and deaf.

When the Covid-19 pandemic struck which had a fatal impact on the economy, the market performance of the Pelanusa Group also declined drastically as indicated by sales results which decreased by 70% despite having made many innovations. So, to restore market performance in the current, post-pandemic, era of economic revival, it is important and urgent to conduct research that can find out what factors have an essential role in significantly improving the performance of the Pelanusa Group market.

Hypothesis Development

Currently, creative products that can compete in the global market are those with high innovation, so the ability to innovate is very important in a creative-entrepreneur as a creative economy actor and every creative industry (Anjaningrum et al., 2021). In the era of the digital economy, achieving performance is very important for SMEs and it has been revealed that the existence of a digital platform makes innovation performance even higher (Jun et al., 2021).

Information and communication technology at this time can foster a culture of innovation for empowerment, especially for youth. Innovation is not only about creating something new, but also about taking what already exists, be it a product, process, service, or concept and then perfecting it (Mourtada, 2010). Innovation and information systems scientists have studied extensively the process of implementing individual innovations that have an impact on innovation outcomes (Pak et al., 2019). A significant relationship between innovation performance and market performance has been proven (Rajapathirana & Hui, 2018). Innovative behavior is very important to maintain and improve organizational competitiveness and it was found that psychological empowerment influences innovative behavior (Tanoto & Sutarhanji, 2019). A company must develop its innovation potential seriously if it wants the innovation process to be carried out properly and produce the expected innovation results. When good innovation results are not supported by sufficient potential and well-executed processes, the sustainability of these results is questioned. Psychological empowerment has a direct impact on innovation that allows the early development of SME performance (Rababah, 2017). Entrepreneurship is effective for holistic empowerment (Khan et al., 2022). The relationship between empowerment and entrepreneurship in collective societies has proven to be strong (Wood et al., 2021). Empowerment in the perspective of open innovation is empowerment towards conscious and active joint participation in the process of creating, acquiring, and disseminating knowledge, resulting in increased involvement, responsibility, self-control, and self-discipline. Often, this also leads to the search for new mechanisms of

knowledge management (Aneta, 2016). So that the important empowerment built to be able to optimize the use of digital marketing platforms is knowledge empowerment. Without a high level of knowledge empowerment, it will be difficult to take advantage of digital platforms.

Based on these empirical studies, there are close relationships between knowledge empowerment, digital marketing platform, innovation performance, and market performance which ultimately forms the following research hypotheses:

H1: It is hypothesized that knowledge empowerment is needed to increase the use of digital marketing platforms.
H2: It is hypothesized that the success of innovation performance is highly depend on the high level of knowledge empowerment and digital marketing platform used.
H3: It is hypothesized that market performance will be strongly shaped by innovation performance.
H4: Digital marketing platform mediates the effect of knowledge empowerment on innovation performance.

Method

This research was conducted on 180 Pelanusa patchwork craftswomen who were selected through accidental-purposive sampling technique. Pelanusa members who become respondents must be independent entrepreneurs and have run a business for at least 3 years under the guidance and assistance of the Pelangi Nusantara Singhasari Foundation (Planusa Foundation), and are classified as marginalized women or women with disabilities. The data collected through the research instrument in the form of a 5-point Likert scale questionnaire was processed and analyzed using Partial Least Square (PLS) analysis with SmartPLS 4.0.7.9. After the data passed the outer and inner model tests, finally the hypothesis was tested by t-test (Hair et al., 2014; Hair et al., 2017; and Garson, 2016).

Knowledge Empowerment (X) is measured by the formula of Aneta (2016): willing to learn to improve qualifications (X1), willing to improve skills and continue to add experience (X2), willing to increase creativity and entrepreneurship (X23), pro of innovation (X24), dare to take decisions and responsibilities (X25), and run flexibly (X26). Digital Marketing platform (Y1) is measured and developed through several formula of Khattak (2022): Feeling easy to access data through digital platforms (Y11), able to connect between digital platforms used, for example Instagram and Facebook (Y12), Can exchange information via digital the platform used (Z13), is able to collect relevant information from the database of the digital platform used (Z14), and is able to adapt the digital platform used to new things. Innovation Performance (Y2) was developed from the formula of Rajapathirana & Hui (2018): being able to add or create new products (Y21), using competitive technology (Y22), fast in introducing new products (Y23), and products created having novelty properties (Z33). Market

Performance (Y3) was developed from the formula of (Rajapathirana & Hui, 2018): expanding market share (Y31), increasing customer satisfaction (Y32), and increasing total sales (Y33).

Result

A total of 180 respondents, they are patchwork craftsmen of the "Pelanusa" group, have been studied. A total of 150 people are normal marginalized women and 30 people are women with disabilities with an average age of about 30 years, elementary and junior high school education.

The result of SEM-PLS Analysis using SmartPLS 4.0.7.9

The Outer Model

The outer model was tested to determine the validity and reliability of the research instrument. Valid instruments can be identified through the loading factor value greater than 0.70. Based on Figure 1. Structural Model, it is known that each manifest construct that reflects Knowledge Empowerment, Digital Marketing Platform, Innovation Performance, and Market Performance has a loading factor value > 0.7, so the research instrument is valid. Validity can also be seen from the value of Average Variance Extracted (AVE) which is greater than 5. Meanwhile, the reliability of the instrument can be checked from Cronbach's alpha value which is greater than 0.6 and composite which is greater than 0.8. As shown in Table 1. The AVE value of all latent constructs is greater than 0.5 and Cronbach's alpha value is greater than 0.6, and the composite reliability value is greater than 0.8 which indicates that the research instrument is valid and reliable.

Figure 1. Structural Model
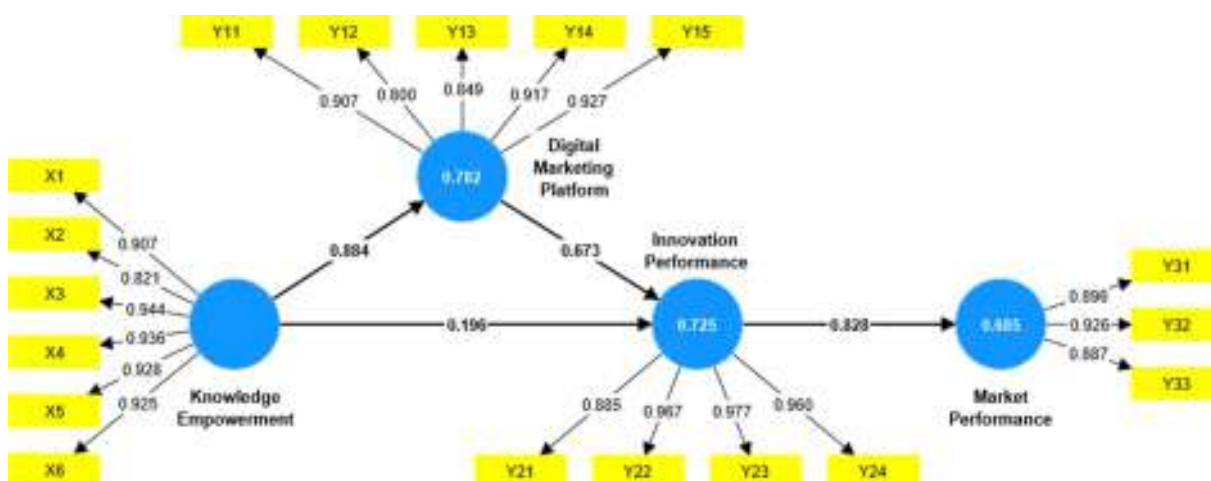
Source: SmartPLS 4.0.7.9 Output (2022)

Table 1. Construct reliability and validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)

Digital Marketing Platform	0.927	0.928	0.946	0.777
Innovation Performance	0.962	0.962	0.972	0.898
Knowledge Empowerment	0.959	0.959	0.967	0.830
Market Performance	0.888	0.894	0.930	0.816

Source: SmartPLS 4.0.7.9 Output (2022)

The Inner Model

Inner model in this study tested by the value of R-Square (R^2) and GoF. R-Square is the coefficient of determination on the endogenous latent construct. According to Chin (1998) in Hair et al. (2014), an impact is said to be strong if the R-square value is at least 0.67. Based on Figure 1., it is known that the R-Square value in Digital Marketing Platform is 0.782. About 78.2% of Digital Marketing Platform is explained powerfully by Knowledge Empowerment. Meanwhile, the R-square value in the Innovation Performance is 0.725. The 72.5% of Innovative Performance is explained powerfully by knowledge empowerment and digital marketing platform. And last, the R-Square value in the Market Performance is 0.685. About 68.5% of Market Performance is explained powerfully by Innovation Performance.

The Goodness of Fit (GoF) value calculated manually using the formula:

$$GoF = \sqrt{AVE \times R^2}. \tag{1}$$

$$GoF\ Digital\ Marketing\ Platform = \sqrt{0.777 \times 0.782} = 0.780 \tag{2}$$

$$GoF\ Innovation\ Performance = \sqrt{0.898 \times 0.725} = 0.838 \tag{3}$$

$$GoF\ Market\ Performance = \sqrt{0.816 \times 0.685} = 0.745 \tag{4}$$

According to Tenenhaus in Hair et al. (2014), the impact of exogenous latent constructs is categorized as large if the minimum GoF value is 0.38. Based on the calculation results, it shows that the GoF value for the constructs of Digital Marketing Performance, Innovation Performance, and Market Performance is greater than 0.38, which it means that the structural model formed is good and can be used to predict the endogenous latent construct.

The Hypothesis Test

Hypothesis testing is done by estimating the path coefficient (original sample O) which shows the positive or negative effect of exogenous latent constructs on endogenous latent constructs and t-statistics or p-values that indicate whether or not the impact of endogenous latent constructs is significant or not through Bootstrapping technique.

Based on the Original Sample O values in Table 3. and conceptual framework as in the structural model Figure 1. The main structural equations formed are:

"PELANUSA" MARKET PERFORMANCE: HOW DIGITAL MARKETING PLATFORM COMPLETELY MEDIATE KNOWLEDGE EMPOWERMENT AND INNOVATION PERFORMANCE.

Path1: $Y1 = 0.884X + e1$ .... (1)

Path2: $Y2 = 0.196X + 0.673Y1 + e2$ .... (2)

Path3: $Y3 = 0.828Y2 + e3$ .... (3)

which X is Knowledge Empowerment, Y1 is Digital Marketing Platform, Y2 is Innovation Performance, Y3 is Market Performance, and e1, e2, e3 are error standards.

Table 3. Path Coefficient and T-Statistics

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values	Inference
Path Coefficients				
Digital Marketing Platform -> Innovation Performance	0.673	5.406	0.000	Significant
Innovation Performance -> Market Performance	0.828	32.263	0.000	Significant
Knowledge Empowerment -> Digital Marketing Platform	0.884	27.481	0.000	Significant
Knowledge Empowerment -> Innovation Performance	0.196	1.556	0.120	Not Significant
Specific Indirect Effects				
Knowledge Empowerment -> Digital Marketing Platform -> Innovation Performance	0.595	5.927	0.000	Significant

Source: SmartPLS 4.0.7.9 Output (2022)

Based on the structural model Path1, it is known that the Knowledge Empowerment has a positive and significant impact on Digital Marketing Platform. So that the first research hypothesis (H1), which states that "Knowledge empowerment is needed to increase the use of digital marketing platforms," is accepted.

Meanwhile, based on the structural model Path2, it is known that Knowledge Empowerment has a positive, but not significant impact on Innovation Performance, while digital marketing platform has a positive and significant impact on Innovation Performance. So, the second research hypothesis (H2), which states that "The success of innovation performance is highly depend on the high level of knowledge empowerment and digital marketing platform used," is rejected because innovation performance is more depend on the digital marketing platform used than knowledge empowerment.

Finally, based on the structural model Path3, it is known that Innovation Performance has a positive and significant impact on Market Performance. So that the third research hypothesis (H3), which states that "Market performance will be strongly shaped by innovation performance," is accepted.

Regarding the mediating role of Digital marketing Platform, based on the data in Table 3. in Specific Indirect Effect section, it is known that the indirect impact of knowledge empowerment on Innovation Performance through Digital Marketing Platform is significant.

So that the fourth research hypothesis (H4) states that "Digital marketing platform mediates the effect of knowledge empowerment on innovation performance," is accepted. The nature of this mediator is complete mediation because the indirect impact of knowledge empowerment on innovation performance through digital marketing platforms is much stronger than the direct impact.

Discussion

Knowledge Empowerment and Digital Marketing Platform

The results of this study have proven the suspicion of the need for knowledge empowerment in improving the digital marketing platform used by the Pelanusa group, especially members who are marginalized women and women with disabilities. Although full of limitations, low education, minimal knowledge, even physically disabled, these Pelanusa members have a very strong will to learn and to have better qualifications, hence the ease of accessing and using digital platforms (Khattak, 2022), for the process of marketing and selling their creative products, they will be achieved even though they have to go through training and mentoring first from the Pelangi Nusantara Singhasari Foundation. As the research of Jun et al. (2021) explains that the hegemony of digital platforms is a tough challenge for creative-entrepreneurs, that is the need for high-quality resources, where the knowledge empowerment of every creative individual must be strong.

Knowledge Empowerment, Digital Marketing Platform, and Innovation Performance

The results of the study prove that there is a relationship between Knowledge Empowerment, Digital Marketing Platform, and Innovation Performance, where it is proven that high innovation performance is more dependent on the level of use of digital marketing platforms than knowledge empowerment of Pelanusa members. However, high knowledge empowerment plays an important role in increasing the use of marketing platforms which have an impact on high innovation performance. So, the higher the knowledge empowerment, the easier it will be for Pelanusa members to use the digital marketing platform, and the easier it will be to use the digital marketing platform, the more innovative performance will be achieved.

This can happen because in this digital era, all information will be easier to obtain from the internet, especially during a pandemic like the past which requires everyone to use online media more in exchanging information and transacting. So, even though the knowledge empowerment is high, where Pelanusa members have a high willingness to improve their qualifications as patchwork craftsmen, want to improve skills and continue to add experience, want to increase creativity and entrepreneurship, are pro to innovation, dare to take decisions and take responsibility, and In carrying out activities flexibly, achieving high innovation performance will be difficult to obtain without the use of digital platforms, both for learning and media marketing (Aneta, 2016). Through digital platforms, especially in terms of

marketing, entrepreneurs will get a lot of information and many valuable lessons, especially how to get the right strategy to sell through digital platforms.

This finding is in line with the results of Mourtada (2010) research which reveals that current information and communication technology can foster empowerment-based innovation. This finding is also in line with the research of Pak et al. (2019) which explains that innovation and information systems have studied extensively the process of implementing individual innovations that have an impact on innovation outcomes. In addition, Bartczak (2021) also explains that digital platforms can be an effective factor in implementing innovative business models.

Innovation Performance and Market Performance

The results of this study prove that market performance in this era is largely determined by innovation performance. A significant relationship between innovation performance and market performance has also been proven previously through findings of Rajapathirana & Hui (2018). High innovation performance shown by the ability of Pelanusa members to add or create new products, use competitive technology, be fast in introducing new products, and the products created have novel properties as described by Rajapathirana & Hui (2018) then the products their creative products will be able to penetrate the global market, as explained by Anjaningrum & Rudamaga (2019) that the factor that must be owned by every business to be able to compete in the digital era is innovation. Innovative behavior is very important to maintain and improve organizational competitiveness and it was found that psychological empowerment influences innovative behavior (Tanoto & Sutarhanji, 2019). A company must develop its innovation potential seriously if it wants the innovation process to be carried out properly and produce the expected innovation results. So far, the Pelanusa group has made many innovations in patchwork, which they call "Creative Sewing". Their unique products have been able to penetrate the global market, exported to Japan, Malaysia, and several other neighboring countries. The wider market share and the total number of sales indicate the success of the Pelanusa group in the market, and so far there have been no complaints from consumers or customers who also show relatively high customer satisfaction, this includes market performance as well (Rajapathirana & Hui, 2018).

Conclusion

Empowerment of knowledge is indeed needed to improve digital marketing platforms. However, this does not really guarantee the success of innovation performance directly, but the use of a high and appropriate digital marketing platform has a very important role in determining innovation performance which ultimately has an impact on market performance. The implications for the strategic management of SMEs based on creative economy and social entrepreneurship are clearly evident in the proven position of complete mediation of digital marketing performance on the influence of knowledge empowerment on innovation

performance. Further research is expected to find other empowerments that have a significant effect on innovation performance and determine what digital marketing platform is most suitable for women with disabilities.

Reference

Aneta, Pachura. 2016. "Empowerment in the Open Innovation Concept." *Engineering Management in Production and Services* 8(3):35–42. doi: 10.1515/emj-2016-0022.

Anjaningrum, Widiya Dewi. 2021. "Strengthening Creative Economy Capabilities in East Java through Digital Transformation and Networks." Pp. 38–45 in *The 3th International Conference on Economics and Business*. STIE Mandala Jember.

Anjaningrum, Widiya Dewi, and Habel Rudamaga. 2019. "Creative Industry : Enhancing Competitive Advantage and Performance." *Asia-Pacific Management and Business Application* 7(3):123–46. doi: 10.21776/ub.apmba.2019.007.03.1.

Anjaningrum, Widiya Dewi, Ahmad Nizar Yogatama, Agus Purnomo Sidi, Adya Hermawati, and Rahayu Puji Suci. 2021. *Strategi Penguatan Kapabilitas Ekonomi Kreatif Di Era Digital*. 1st ed. Malang, Jawa Timur, Indonesia: Litera Media Tama.

Bartczak, Krzysztof. 2021. "Digital Technology Platforms as an Innovative Tool for the Implementation of Renewable Energy Sources." *Energies* 14(23):1–18. doi: 10.3390/en14237877.

Garson, G. David. 2016. *Partial Least Squares: Regression & Structural Equation Models*. 2016 Editi. Asheboro, USA.

Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. 2017. *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). Thousand Oaks*. Second Edi. Washington DC, USA.

Hair, Jr. Joseph F., Marko Sarstedt, Lucas Hopkins, and Volker G. Kuppelwiesier. 2014. "Partial Least Squares Structural Equation Modeling (PLS-SEM) An Emerging Tool in Business Research." *European Business Review* 26(2):106–21. doi: 10.1108/EBR-10-2013-0128.

Jun, Wen, Muhammad Hamid Nasir, Zahid Yousaf, Amira Khattak, Muhammad Yasir, Asad Javed, and Syed Hamad Shirazi. 2021. "Innovation Performance in Digital Economy: Does Digital Platform Capability, Improvisation Capability and Organizational Readiness

Rreally Matter?" *European Journal of Innovation Management* (May):1–20. doi: 10.1108/EJIM-10-2020-0422.

Kemenparekraf. 2021. "Ekonomi Kreatif Jadi Garda Terdepan Pemulihan Ekonomi Nasional." *Kemenparekraf.Go.Id*.

Khan, Shagufta Tariq, Mohd Abass Bhat, and Mohi-Ud-Din Sangmi. 2022. "Can Microfinance-Backed Entrepreneurship Be a Holistic Empowerment Tool for Women? Empirical Evidence from Kashmir Valley, India." *Journal of Business and Socio-Economic Development* ahead-of-p(ahead-of-print):1–20. doi: 10.1108/jbsed-07-2021-0097.

Khattak, Amira. 2022. "Hegemony of Digital Platforms, Innovation Culture, and E-Commerce Marketing Capabilities: The Innovation Performance Perspective." *Sustainability (Switzerland)* 14(1):1–13. doi: 10.3390/su14010463.

Kostić, Zorana. 2018. "Innovations and Digital Transformation as a Competition Catalyst." *Ekonomika* 64(1):13–23. doi: 10.5937/ekonomika1801013k.

Mourtada, Racha. 2010. "Innovation Culture for Youth Empowerment in the UAE: The Role of ICT." *Dubai School of Government Policy Brief* (19).

Pak, Jongwook, Longzhen Li, and Goo Hyeok Chung. 2019. "A Holistic Approach to Individual-Level Innovation Implementation." *Innovation: Organization and Management* 21(4):552–71. doi: 10.1080/14479338.2019.1632710.

Rababah, Nayel Mousa. 2017. "THE ROLE OF PSYCHOLOGICAL EMPOWERMENT AND INNOVATION ON FIRM PERFORMANCE : AN EMPIRICAL STUDY OF SMEs IN SAUDI ARABIA." *International Journal of Economics, Commerce and Management* V(6):298–318.

Rajapathirana, R. P. Jayan., and Yan Hui. 2018. "Relationship between Innovation Capability, Innovation Type, and Firm Performance." *Journal of Innovation and Knowledge* 3(1):44–55. doi: 10.1016/j.jik.2017.06.002.

Rukendi, Cecep. 2021. "Siaran Pers: Menparekraf Dorong Milenial Terus Berinovasi Dengan Manfaatkan Platform Digital." *Kemenparekraf.Go.Id*.

Salahudin Uno, Sandiaga. 2021. *Strategi Pemulihan Ekonomi Melalui Pemberdayaan Pelaku Pariwisata Dan Ekonomi Kreatif*.

Tanoto, Sherly Rosalina, and Suwandi Sutarhanji. 2019. "Does Job Involvement Influence Psychological Empowerment and Innovative Behaviour ?" Pp. 723–37 in *The 4th ICMEM 2019 and The 11th IICIES 2019*.

Wien, Shinta Indreswari. 2016. "Pelanusa Latih Ibu Rumah Tangga Geluti Industri Kreatif." *Www.Timesindonesia.Co.Id*, January, 115786.

Wood, Bronwyn P., Poh Yen Ng, and Bettina Lynda Bastian. 2021. "Hegemonic Conceptualizations of Empowerment in Entrepreneurship and Their Suitability for Collective Contexts." *Administrative Sciences* 11(1):1–18. doi: 10.3390/admsci11010028.

IMPACT OF DIGITAL MARKETING ON PURCHASE INTENTION (STUDY ON JAMBI TRADITIONAL CAKES)

Nurdin

Faculty of Economics and Business, University of Muhammadiyah Jambi

Iqra Wiarta

Faculty of Economics and Business, University of Muhammadiyah Jambi

Hasan Basri

Faculty of Economics and Business, University of Muhammadiyah Jambi

Iwan Eka Putra

Faculty of Economics and Business, University of Muhammadiyah Jambi

Email Correspondence: iqra_wiarta2006@yahoo.co.id

ABSTRACT

The proliferation of outlets for processed food products and foreign food at this time has made special food products in the form of traditional cakes less desirable. For example, there are fewer outlets selling traditional Jambi cakes. This study tries to answer how the impact of digital marketing on purchase intention on traditional Jambi cakes with digital marketing as the independent variable and purchase intention as the dependent variable. This study uses a quantitative approach with a total of 100 processed questionnaires. The results show that digital marketing does not have a positive effect on Purchase Intention on traditional Jambi cakes, so it can be concluded that consumers buy traditional cakes more because of the values and habits implied in the traditional cakes

KEYWORDS: Digital Marketing, Purchase Intention and Traditional Food

Introduction

Advances in technology are currently having a very strong impact on the entire industry, especially coupled with the COVID-19 pandemic that occurred at the beginning of 2020 resulting in increased use of technology, especially the internet. At the time of the covid pandemic, it was also felt how an effort to cook products using digital technology became a solution and has been used until now.

The current cake phenomenon developed by Selegram using the Intagram application makes something new and trendy during the covid 19 pandemic. In one easy step, consumers can have an impact on the current cake that is consumed, both in the form of taste and also the quality of the cake. According to Rafif (2021) and Putri (2021), this is a phenomenon in forming interactions between consumers and owners in other words, namely Purchasing intention in the Covid-19 condition.

Seeing this phenomenon, there is a traditional food or cake typical of an area such as Jambi that is not marketed through digital marketing using the Instagram application so that at the end of 2020 there will be several intragram accounts that do marketing through digital marketing of traditional Jambi cakes. Seeing this phenomenon, researchers are interested in conducting further research on digital marketing and purchase intention on traditional Jambi cakes by involving service quality indicators in digital marketing variables.

Study of literature
Digital Marketing
According to Saifuddin, M. (2021) Digital marketing is the use of the internet and the use of other interactive technologies to create and link information between companies and identified consumers, similar things are also said by (Hisam sam, 2018) and Saputro, A. (2018) Furthermore, the definition of digital marketing can also be said that internet or digital marketing can be in the form of web sites, search engine marketing, web banners, social networking, viral marketing, e-mail marketing and affiliate marketing (Salya, 2010: 4 in Ulil Azmi, 2016).

Purchase Intention
Purchase intention is used to evaluate the possibility of buying a product. Higher purchase intentions indicate increased willingness in product buyers. Purchase intention directly affects the company's revenue and profitability. Therefore, the significance of purchase intention as an outcome variable of interest in this paper is clear. Thus, customer purchase intention is included as the main dependent variable in the research model (Chang, Hsu, Chen, & Kuo, 2019). According to Spears and Singhs (Liu, 2001), purchase intention is an individual's planning as a desire to buy a product. Furthermore, Howard and Sheth (Aw, Xi, Teoh, & Cheng, 2017), define purchase intention as the possibility that individual consumers have plans to purchase certain products.

Method

The research method used in this study is a quantitative descriptive method. Quantitative research is a research method based on positivism, which is used to examine certain populations or samples, collecting data using research instruments and statistical data with the aim of testing the established hypothesis. The research method explains the relationship between influencing and being influenced by the variables to be studied. Using a quantitative approach because the data that will be used to analyze the relationship between variables is expressed by numbers or a numerical scale, with digital marketing as the independent variable and purchase intention as the dependent variable.

Result

Based on the results of respondents' answers, then further analysis is carried out to answer the formulation of the problem in this study. As for the results of data processing carried out with SPSS to examine the extent of the influence of the independent variables on the dependent variable, multiple linear regression analysis was carried out with the following results:

Table 1 Results of Multiple Regression Analysis

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	16,879	1,656		10,194	,000
X1	,454	,246	,230	1,845	,068
X2	-,152	,184	-,096	-,828	,410
X3	-,361	,191	-,237	-1,894	,061
X4	,590	,295	,281	1,998	0.049
X5	-,309	,212	-,172	-1,459	,148
a. Dependent Variable: Y					

From the table above, it can be obtained the value of the constant parameter and the value of the estimator parameter to complete the regression model that has been formulated previously. The multiple linear regression equations formed from the results of the calculations in the table above are as follows:

Based on the linear regression equation above, it can be interpreted as follows:

$$Y = 16,879 + 0,454 X_1 - 0,152 X_2 - 0,361 X_3 + 0,590 X_4 - 0,309 X_5 + e \quad \text{...........}(1)$$

1. The magnitude of the constant in the equation is 16.879, which means that if there is no influence of the independent variable, namely from digital marketing which consists of tangibles, reliability, responsiveness, assurance and empathy that affect purchase intention, it will be worth 16.879. This means that consumers will continue to consume traditional Jambi cakes.

2. The X1 regression coefficient (tangible) is 0.454. This means that every time there is an increase in the tangent variable by one unit, the purchase Intetion will increase by 0.454.
3. The regression coefficient of X2 (Reliability) is negative 0.152. This means that every time there is an increase in the Realibility variable by one unit, the purchase intention will decrease by 0.152.
4. The X3 regression coefficient (Responsiveness) is negative 0.361. This means that every time there is an increase in the Responsiveness variable by one unit, the purchase intention will decrease by 0.361.
5. The X4 regression coefficient (Assurance) is 0.590. This means that every time there is an increase in the Realibility variable by one unit, the purchase intention will increase by 0.590.
6. The X5 regression coefficient (Empathy) is negative 0.309. This means that every time there is an increase in the Empathy variable by one unit, the purchase intention will decrease by 0.309.

Furthermore, the F statistical test was carried out. This test was conducted to determine whether all the independent variables in this study had a joint effect on the dependent variable. The test results can be seen in the following table:

Table 2 F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34,129	5	6,826	2.038	.001 [b]
	Residual	301,496	90	3,350		
	Total	335,625	95			

Based on the table above, it can be seen that the calculated F value in this research model is 2.038 with an F significance value of 0.001 meaning that the P value < . With a significant level of = 5%, the p-value (0.001) is smaller. So it can be concluded that there is a statistically significant effect between digital marketing variables, namely tangble, reliability, responsiveness, assurance and empathy on the purchase intention of Jambi traditional cakes. To measure how far the regression model's ability to explain the variation of the dependent variable is, the t statistic test is carried out. The test results are as follows:

Table 3 Statistical Test Results t

Model		t	Sig.
	(Constant)	10,194	,000
	X1	1,845	,068
	X2	-,828	,410
1	X3	-1,894	,061
	X4	1,998	0.049
	X5	-1,459	,148

Source: SPSS output

Discussion

Based on the table above, it can be explained that the tangible variable (X1) has no significant effect on consumer satisfaction. From the results of the tests carried out, the X1 value obtained is 0.068 which is greater than the value of = 5%. Reliability independent variable (X2) also has no significant effect on consumer satisfaction. From the results of the tests carried out, the X2 value obtained is 0.410 which is greater than the value of = 5%. Responsiveness variable (X3) has no significant effect on purchase intention. From the results of the tests carried out, the X3 value obtained is 0.061 which is greater than the value of = 5%. Assurance variable (X4) has a significant effect on consumer satisfaction. From the results of the tests carried out, the X4 value obtained is 0.049 which is less than the value of = 5%. The X5 variable, namely Empathy, has no significant effect on consumer satisfaction. From the results of the tests carried out, the X5 value obtained is 0.148 which is greater than the value of = 5%.

Conclusion

Based on the problem formulation and research results, it is concluded that digital marketing does not have a positive effect on Purchage Intention on traditional Jambi cakes, with a significance level of 5%. In addition, it can also be concluded that consumers buy traditional cakes more because of the values and habits implied in these traditional cakes.

Reference

Alwan, M., & Alshurideh, M. 2022. "The Effect of Digital Marketing on Purchase Intention: Moderating Effect of Brand Equity." *International Journal of Data and Network Science* 6(3):837–848.

Dash, G., Kiefer, K., & Paul, J. 2021. "Marketing-to-Millennials: Marketing 4.0, Customer Satisfaction and Purchase Intention." *Journal of Business Research* 608–620.

Dastane, O. 2020. "Impact of Digital Marketing on Online Purchase Intention: Mediation Effect of Customer Relationship Management." *Journal of Asian Business Strategy* 10:142–158.

Erlangga, H. 2021. "Effect of Digital Marketing and Social Media on Purchase Intention of Smes Food Products." *Turkish Journal of Computer and Mathematics Education (TURCOMAT)* 12(3):3672–3678.

Nawaz, SS, & Kaldeen, M. 2020. "Impact of Digital Marketing on Purchase Intention." *International Journal of Advanced Science and Technology* 29(4):1113–1120.

Putri, DR. 2021. "Digital Marketing Strategy to Increase Brand Awareness and Customer Purchase Intention (Case Study: Ailesh Green Consulting)." *European Journal of Business and Management Research* 6(5):87–93.

Rafif, AHN, Yuanita, R., & Permatasari, T. 2021. "Korean Wave: Strategies of Industry Players in Korea in Facing Challenges Amid the Covid-19 Pandemic." *Frequency of International Relations (FETRIAN)* 3(2):103–133.

Saifuddin, M. 2021. "Digital Marketing: Strategies That MSMEs Must Do During the Covid-19 Pandemic." *Journal of Applied Business* 5(1):115–124.

Saputro, A. 2018. "The Influence of Digital Marketing and Brand Ambassadors in Establishing Brand Identity as Intervention Variables on Purchase Intentions in Markobar Products." *Journal of Marketing Strategy* 5(2).

PROCEEDING

Ecosia International Conference

DIGITAL BUSINESS BY STRATEGIC INNOVATION
FOR ECONOMIC DEVELOPMENT

Organizer
Institut Teknologi dan Bisnis Asia Malang

In Collaboration With:
- Nueva Ecija University of Science and Technology, Philippines
- Politeknik Tuanku Syed Sirajuddin, Malaysia
- Univeritas Patimura, Indonesia
- Universitas Mahasaraswati Bali, Indonesia
- Universitas Muhammadiyah Jambi, Indonesia
- Universitas Multi Data Palembang, Indonesia
- Universitas Trisakti, Indonesia
- Universitas Widyagama Malang, Indonesia
- University of Technology Krungthep, Thailand