Peer-Review Statements
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All of the articles in this proceedings volume have been presented at the [The 6th Global Conference on Business, Management and Entrepreneurship (GCBME 2021)] during [18 August 2021] in [Bandung, Indonesia]. These articles have been peer reviewed by the members of the [Lili Adi Wibowo, Ade Gafar Abdullah, S.Sulastri, L.Lisnawati] and approved by the Editor-in-Chief, who affirms that this document is a truthful description of the conference’s review process.

1. REVIEW PROCEDURE
The reviews were [double-blind]. Each submission was examined by [2 (two)] reviewer(s) independently.

[The conference submission management system was Konferenzi.] The review procedure:
1. Articles sent through a review process, especially checking the suitability of the manuscript with the scope and compliance with the proceeding template. In this process, the editor will establish communication with the author so that the manuscript deserves to be sent to the reviewer or even returned/declined
2. Manuscripts that have passed stage 1 above, are then sent to 2 reviewers for their content to be reviewed using the Double Blind Peer Review method.
3. The review process will consider plagiarism, novelty, objectivity, methods, scientific impact, conclusions and references
4. Reviewers will suggest improvements and or accept/reject articles
5. For articles that get notes from reviewers, they will be sent to the author to be revised and resubmitted
6. Articles that have been updated will be proofread in order to check readability in order to minimize errors in the use of punctuation, spelling, consistency in the use of names or terms, to word fragmentation.
7. The ready script will be layout then metadata and sent to the publisher

2. QUALITY CRITERIA
Reviewers were instructed to assess the quality of submissions solely based on the academic merit of their content along the following dimensions:
1. Pertinence of the article’s content to the scope and themes of the conference;
2. Clear demonstration of originality, novelty, and timeliness of the research;
3. Soundness of the methods, analyses, and results;
4. Adherence to the ethical standards and codes of conduct relevant to the research field;
5. Clarity, cohesion, and accuracy in language and other modes of expression, including figures and tables.

In addition, all of the articles have been checked for textual overlap in an effort to detect possible signs of plagiarism by the publisher.

3. KEY METRICS

<table>
<thead>
<tr>
<th>Metric</th>
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<tbody>
<tr>
<td>Total submissions</td>
<td>149</td>
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<tr>
<td>Number of articles sent for peer review</td>
<td>113</td>
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<tr>
<td>Number of accepted articles</td>
<td>101</td>
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Acceptance rate 67.78%
Number of reviewers 9

4. COMPETING INTERESTS

Neither the Editor-in-Chief nor any member of the Scientific Committee declares any competing interest.
Analysis of Microlearning-Based Learning Media Needs: A Retrospective Study at Vocational High School

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ABSTRACT
The goal of this study is to determine the Office Management Vocational Program's needs for microlearning-based learning media. Data for this study were acquired using a retrospective method from teachers of Office Automation and Governance programs at vocational schools in West Java. The findings of the study demonstrated that microlearning-based learning media can be a viable alternative for encouraging students to learn on their own. Teachers should develop engaging learning materials to inspire students to think creatively and to encourage them to dive deeper into the materials.

Keywords: Micro-Learning, Online Learning; Material Development, Vocational High School (SMK).

1. INTRODUCTION

The current Indonesian government's pandemic strategy has had a direct impact on education administration at all levels. To ensure that the learning process continues, the school learning system must be tailored to the pandemic situation and condition. As a result, all educational institutions confront the difficult task of preparing and developing appropriate learning techniques, such as distance learning over the internet. This has necessitated the adaptation of instructors, students, educators, parents, and all other relevant parties to the introduced form of learning.

The learning strategy chosen demands the availability and assistance of adequate information and communication technology (ICT). In practice, however, the online method has resulted in a plethora of problems and concerns. The most serious problems faced by most teachers and students were a lack of appropriate technical tools required for online learning to take place from homes, such as limited internet access and cellular device ownership [1]. Furthermore, a lack of understanding of how to utilize the equipment becomes an issue in this situation. As a result, teachers and students are unable to access the internet, making it difficult for the learning process to go as it should.

The teacher's efforts are the first strategic step in resolving this issue. For an effective learning process, the teacher's inventiveness in packaging the learning information using digital learning media becomes a must. The media has a critical role to play in drawing attention and increasing student enthusiasm to learn. The use of appropriate media can manipulate and bring a difficult-to-reach object into the classroom, such as wild animals, outer space, soil structure, ocean depth, and other similar things.

Texts, visual images, audio, video, virtual reality, interactive multimedia, hardware technologies, and software are all examples of learning media that may be created and presented to enhance and improve the learning process [2]. ICT is becoming increasingly crucial in the learning process because it allows teachers
and students to easily access material from a variety of sources [2]. As a result, teachers have more freedom to build a more engaging, diversified, interactive, effective, and efficient learning experience.

Microlearning is a type of e-learning-based distant learning that provides a fresh approach to learning design and management. Microlearning is a teaching strategy in which microcontent is presented in a macro activity. The content of the learning material (object learning) is broken down into smaller chunks and presented in a variety of media formats. Information is delivered in "short content," which allows students to recall and comprehend the material in a shorter amount of time [3, 4]. Microlearning enables students to gain access to additional information and knowledge. As a result, microlearning is thought to be able to alleviate mental fatigue in students and prevent learning boredom, demotivation, and other cognitive impairments [5].

Microlearning allows students to tailor their learning environment and time to their mood and ability to comprehend the lesson [5]. Through the use of a cellular device, students can learn anywhere and at any time based on their conditions. As a result, microlearning can be used in formal, nonformal, and informal learning environments [3]. However, for effective results, technological advancements used in the microlearning process must be accompanied by an increase in the quality of human resources, allowing them to apply and adapt to the advancements.

In light of the preceding discussion of the importance of microlearning, it is reasonable to assume that the use of relevant, entertaining, varied, and interactive media is one of the variables that contribute to more effective and efficient learning [2]. Microlearning media is one of the media models that is believed effective to assist students in learning the contents of the material in a relatively short period of time [4]. Therefore, it is significant to analyze the characteristics of the students, the demand of the curriculum, the major (area of expertise), and the accessible subjects to design and develop an effective and efficient microlearning media. The goal of this study is to examine the needs for microlearning instructional media particularly used at Business and Management Vocational High School, Office Management Vocational Program, and Office Automation and Governance Vocational program (henceforth OTKP).

1.1. Literature Review

1.1.1. Learning Media

In general, learning media are utilized to communicate a lesson from the teacher to the students, stimulating the mind, feeling, attention, action, and interest in the message [2]. They are beneficial in facilitating teacher-student engagement. Standardizing lesson delivery, making teaching and learning more interesting, making the learning process more interactive, improving the efficiency of teaching and learning time, improving learning quality, improving access to learning sources, improving positive attitude toward learning material and process, and improving positive roles of teachers are all benefits of learning media [6].

1.1.2. Microlearning

Microlearning is defined as a multiplatform instructional unit that involves brief participation in an activity that is intended to yield a certain result [5, 7]. Microlearning, as an electronic-based learning medium, offers learning content in short targeted chunks. The content can be in the form of audio, audio-video, or a combination of the two with a duration of 3-5 minutes. It could even take the form of an infographic or a still image or a visual. A concept topic recounted in a long book, for example, can be given briefly in an infographic or a few-minute video explainer. This is done to relieve students' cognitive load, making it simpler for them to recall, comprehend, and use the knowledge.

The major goal of microlearning is to improve the efficiency of the e-learning process [5, 8]. Some of its characteristics include the presentation of content in a concise and specific manner, the use of various media formats (especially those compatible with mobile devices), the use of online media sources, and economical cost and time. The media formats that are commonly used to create microlearning content include infographics, interactive infographics, PDFs, interactive PDFs, e-books, flipbooks, animated videos, whiteboard animation, kinetic text-based animation, explainer videos, interactive video, interactive parallax-based scrolling webcast/podcasts, expert videos, recorded webinars, mobile apps, and complex branching scenarios [8].

Even though microlearning content is brief, its goal is to produce certain learning goals. As a result, both teachers and students must have the ability to think creatively. Teachers must be resourceful in summarizing lengthy content into a concise but engaging presentation. Similarly, students must be resourceful in their search for more information to properly grasp the brief material [3, 9].

1.1.3. Creative Thinking Ability

Today's digital environment necessitates the use of creative thinking in the learning process. The easy availability of data of any kind has emerged from the quick flow of information. Without the ability to think creatively, the issue could turn into a tragedy or a threat. As a result, a high level of imagination or creative thinking is required to select and filter information that is relevant to one's needs.
There are various strategies to build creative thinking skills, such as instilling the bravery to develop new thoughts from existing knowledge or developing an analog for something by observing similarities. The process of creative thinking starts with an individual’s internal drive, which is frequently initiated by a high level of curiosity or unhappiness with the situation [10].

To accomplish learning goals, microlearning also requires the ability to think creatively. Despite the scope of the lesson information that needs to be addressed, microlearning content is generated in extremely brief episodes with a duration of 3-5 minutes. This necessitates students’ developing creativity to obtain supplemental information from various sources [10, 11].

2. METHODS

A retrospective research method was adopted in this study to identify the teachers’ needs for microlearning-based teaching and learning materials. Data were collected using a Google-form sheet and analyzed using descriptive statistics. The study involved 62 OTKP teachers from 15 districts in Indonesia’s West Java Province, who were chosen particularly for their characteristics.

3. RESULTS AND DISCUSSION

Scalar variables and physical constants should be As a result of the COVID-19 epidemic, the school learning process will inevitably change from offline to online learning. Teachers must use ICT to assist students in continuing to learn to meet the curriculum’s objectives.

The teachers in this study identified five supportive variables for curriculum implementation: primary literature, teachers’ sourcebooks, suitability of learning media, quality of learning content, and availability of guide books. They said that improvement efforts must be done to meet the needs of the learning process [1, 2]. The sourcebook [12] is one of the critical components that must be provided right away, along with other learning infrastructures and facilities (Figure 1).

![Figure 1. Learning Infrastructure and Facilities.](image1)

The state of workshop room amenities, for example, was deemed insufficient to allow micro-learning activities. Besides, further investigation revealed that the compatibility level of learning media that fulfills the needs of practical tasks is 2.66 on a scale of 1-5. This suggests that the accessible learning media are not always well-suited to the microlearning media requirements of each subject in the OTKP programs. Likewise, in terms of instructors’ perceptions of their readiness to prepare and create learning media, the majority of them admitted that they, similar to their students, still had some issues (see Figures 2 and 3).

![Figure 2. Teacher Readiness for Microlearning.](image2)

![Figure 3. Student Readiness for Microlearning.](image3)

Even though learning materials in the microlearning approach are generated in the form of microcontent, they must nonetheless deliver accurate information. When learning material is presented using a microlearning approach, it will be more accessible to both teachers and students [10, 11]. This research shows that teachers can employ microlearning-based learning materials to encourage students to learn autonomously. Teachers should understand how to develop compelling learning materials that catch students’ attention and motivate them to study deeper.

To meet the millennial generation’s changing learning needs, online learning is mandatory. Online learning has become the preferred method of teaching and learning in the current age, to master 21st-century skills, which include creative and critical thinking [13]. Skills in using
ICT will become more important as it may encourage the development of new ideas. This viewpoint reinforces the idea that, in addition to language, arts, mathematics, science, history, and other hard skills, teachers should focus on teaching creativity, critical thinking, and problem-solving to their students to develop their higher-order thinking abilities [11, 14].

4. CONCLUSIONS

To ensure that the learning process continues, the use of ICT is unavoidable. Teachers can use the microlearning approach to encourage students' creativity and independence in the learning process. Teachers should be able to create engaging microcontent that encourages the students to think creatively.

REFERENCES

The Effect of Locus of Control and Tolerance of Ambiguity on Entrepreneurial Intention

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ABSTRACT
The present research aimed at determining the effect of locus of control and tolerance of ambiguity on entrepreneurial intention. To analyze the data, the explanatory survey method was used. The research sample was taken from UPI (Indonesia University of Education) students as the population. The research population, by using the Isaac and Michael formula, was UPI students with a sample size of 377 respondents. The data were collected using a numerically scaled questionnaire. The data processing technique employed regression analysis intending to know the effect of the locus of control variable and tolerance of ambiguity upon entrepreneurial intention. The results showed that locus of control and tolerance of ambiguity had a positive effect on entrepreneurial intention. It is recommended to increase the indicator of the locus of the control variable, namely doing business. The variable can be improved by fostering prospective student entrepreneurs by using business incubators. The indicator that needs to be improved from the tolerance of ambiguity variable is to identify alternatives. It can be improved by increasing business opportunities through entrepreneurship lectures. In addition, the indicators of entrepreneurial intentions can be improved by planning to start a business through business feasibility analysis in entrepreneurship lectures in universities.

Keywords: entrepreneurial; intention; locus of control; tolerance of ambiguity.

1. INTRODUCTION

The current social phenomenon is unemployment. Therefore, entrepreneurship is highly important to be considered as a solution [1]. It is a fact that the number of unemployed people has an impact on the development and economic growth of a [2]. It is reasonable that entrepreneurship should foster innovation [3]. The current Covid-19 pandemic period has further reduced the economic growth of developing countries. This certainly makes stakeholders strengthen the need to develop an entrepreneurial culture as a solution for economic growth to create business opportunities. Prior studies have found that new ventures found by university alumni had a significant economic multiplier effect in terms of job creation and income [4]. Thus, universities are expected to play an important role in an ecosystem that fosters low entrepreneurial intention to high entrepreneurial intention. The increased innovation can serve psychological factors that encourage society to become successful entrepreneurs.

Ajzen's entrepreneurial intention model [5] was developed based on three background factors, namely personal, social, and information. One of the important background factors to be studied is the personal factor. In this sense, it is fruitful to consider the locus of control and tolerance of ambiguity. Locus of control is an internal and external part of humans that can control decisions and their lives that cannot be influenced by environmental factors [6]. Meanwhile, tolerance of ambiguity is the tendency to view situations without a clear outcome such as interest rather than a threat [7]. Both concepts, namely locus of control and tolerance of ambiguity as psychological characteristics, are important to study. Therefore, this study tried to re-examine the topic to be applied to UPI students. The present study also tried to see the difference in entrepreneurial intention from the gender aspect.

Based on the background of the problem, it is, therefore, crucial to analyze the factors that influence entrepreneurial intention. The research questions of this study are "do locus of control and tolerance of ambiguity..."
affect entrepreneurial intention?”, and it is also important to notice “how is the difference in entrepreneurial intention from the gender aspect?”

Locus of control was first coined by [8]. Locus of control is an internal concept in which people believe that they can control their life or external. They believe that their decisions and lives are controlled by them and cannot be influenced by environmental factors, chance, or fate [6]. Locus of control is another personality trait influencing entrepreneurial intention [6]. Locus of control is an attribute that indicates an individual’s sense of control over the results, rewards, successes, or failures of his life; in contrast, it is a person’s beliefs about what controls his life [9]. According to [6] was the pioneer to suggest that internal and external locus of control existed as two opposite poles of the same phenomenon. External locus of control implies the belief that all events depend on luck, fate or external actor beyond individual control. Internal locus of control speaks to the belief that events are the result of behaviors or characteristics. Several studies have suggested that locus of control is related to entrepreneurial intentions and that people with an internal locus of control have increased entrepreneurial intention [10]. Individuals who can manage the company are those who have a higher locus of control [11]. In addition, [12] have highlighted that business success factors are supported by an internal locus of control.

According to [13], it is possible that when there is sufficient information to structure a situation, there is a situation that is said to be ambiguous. How individuals perceive ambiguous situations and organize information reflects their tolerance for ambiguity. If individuals have a high level of tolerance for ambiguity, they are said to consider challenging ambiguous situations and strive to cope with unexpected situations to work well. According to [14] stated that entrepreneurs not only operate in an uncertain environment but are also passionate about doing the unknown and actively managing uncertainty. Therefore, tolerance of ambiguity can be considered a characteristic of entrepreneurs. Those who are more entrepreneurial are expected to simultaneously display more tolerance for ambiguity than others. Tolerance of ambiguity is associated with the ability to handle uncertainty since, to build a sustainable business, it is important to make decisions by using conflicting information from various unknown sources. Therefore, tolerance of ambiguity is a significant factor influencing entrepreneurial intentions [15]. A study conducted by [16] showed that an individual with a tolerance of ambiguity was more likely to create a new venture. This finding is consistent with the study of [17] who found that tolerance of ambiguity was correlated with entrepreneurship. A study conducted by [18] showed that tolerance of ambiguity of youth in East Sarawak had a positive impact on entrepreneurial intentions among youth.

The influence of gender on a person’s intention to become an entrepreneur has been widely studied [19]. As expected, male students have stronger intentions than women. In general, entrepreneurs are dominated by men. According to [19] proved that women tended to be less inclined to open new businesses than men. Similar findings were also conveyed by [20] who found that men’s interest in entrepreneurship was more consistent than women’s interest that changed over time. So, there was a significant difference in entrepreneurial success between women and men.

Based on the explanation above, it can be said that the higher the respondent's perception of locus of control and tolerance for ambiguity, the higher the entrepreneurial intention, and vice versa. Therefore the research paradigm is described in Figure 1 as follows.

![Figure 1](image)

Figure 1. Model of the influence of locus of control and tolerance of ambiguity on entrepreneurial intentions.

Notes:

- X.1 = Locus of control
- X.2 = Tolerance of ambiguity
- Y = Entrepreneurial Intention
- e.1 = Other Unexplored Causal Variables

2. METHODS

The object of this research was the variable of entrepreneurial intention, locus of control, and tolerance of ambiguity. The research subjects were UPI students from 13 faculties and regional campuses. The subjects had attended entrepreneurship lectures. The study population consisted of 19,919 students. The research sample was calculated by using the Isaac Michael formula, which obtained a research sample of 366 respondents.

The variable measurement items were adopted from previous researchers, and the response to these items was an assessment on a 5-point scale from the highest positive to the lowest positive. Locus of Control (X.1) consists of these indicators: confident in their abilities, likes to work hard, does not like to try, and lacks initiative. The locus of control questionnaire used a numerical scale with five intervals.

Tolerance of ambiguity (X2) consists of these indicators: identifying alternatives, making choices, and determining priorities. The tolerance of ambiguity
questionnaire used a numerical scale with five intervals. In addition, the entrepreneurial intention consists of these indicators: own business path, a career as an entrepreneur, and planning to start a business sourced [21].

The data collection technique used a closed questionnaire and a numerical scale. Before collecting data, the research instrument was examined for the instrument, namely the validity and reliability test. Data analysis was carried out through variable description analysis and regression analysis. Variable description analysis used tools such as percentage calculations, tables, and graphs. It was interpreted by comparing the number of scores achieved with the number of ideal scores multiplied by 100%. The results are seen with the continuum in Figure 2 as follows.

![Figure 2. Continuum](image)

The figure was adapted from Continuum Scales of Research Data.

Before testing the hypothesis, the assumptions were tested first, namely the data normality test, heteroscedasticity test, and autocorrelation test. Associative hypothesis testing was carried out using multiple regression analysis, while to test differences in entrepreneurial intention; a t-test was used with the help of SPSS.

3. RESULTS AND DISCUSSION

This is the profile of the respondents, from the aspect of gender, age, and regional origin. More details on demographic data are explained in Table 1 as follows.

<table>
<thead>
<tr>
<th>Table 1. Respondent Profile</th>
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<tbody>
<tr>
<td>Sex</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>18 - 21 adolescent</td>
</tr>
<tr>
<td>22 - 25 Pre-adult</td>
</tr>
<tr>
<td>26 - 29 Adult</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Table 1 shows the profiles of the respondents. They are mostly female (65.3%) and the rest are male (34.7%). The percentage of respondents from the most age is adolescent (71.9%), pre-adult (15.6%), and adult (12.5%). In terms of family background, respondents who are not from entrepreneurial families are 76.5% and respondents who come from entrepreneurial families are 23.5%.

<table>
<thead>
<tr>
<th>Table 2. Locus of control overview</th>
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<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>Locus of Control</td>
</tr>
<tr>
<td>Tolerance of Ambiguity</td>
</tr>
<tr>
<td>Entrepreneurial Intention</td>
</tr>
</tbody>
</table>

Based on Table 2, the locus of control variable in moderate condition has an average score of 66.6%. The tolerance of ambiguity score in the high condition is at 70.5% and the entrepreneurial intention in the high condition is at 83.2%. Entrepreneurial intention, as the highest variable, shows that the entrepreneurial learning process has been able to instill learning outcomes on the affective dimension, namely the embedded interest or intention. In other words, students have a high interest in entrepreneurship. The Table 3 following is a description of each indicator on the variables studied.

<table>
<thead>
<tr>
<th>Table 3. Locus on control Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators</td>
</tr>
<tr>
<td>Confident in his abilities</td>
</tr>
<tr>
<td>Work hard</td>
</tr>
<tr>
<td>Experimentation</td>
</tr>
<tr>
<td>Lack of initiative</td>
</tr>
<tr>
<td>Average</td>
</tr>
</tbody>
</table>

Based on Table 3, locus of control is in moderate condition with an average percentage of 66.6%. The highest locus of control indicator “work hard” is at 72.8% and the lowest indicator “experimentation” is at 63.4%.

Tolerance of ambiguity indicator show by Table 4. as follow:

<table>
<thead>
<tr>
<th>Table 4. Tolerance of ambiguity indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators</td>
</tr>
<tr>
<td>Identifying alternative</td>
</tr>
<tr>
<td>Making a choice</td>
</tr>
<tr>
<td>Determining priorities</td>
</tr>
<tr>
<td>Average</td>
</tr>
</tbody>
</table>

Based on Table 4, tolerance of ambiguity is in high conditions with an average of 70.5%. The highest indicator of the tolerance of ambiguity is “determining priorities” with a percentage of 80%. The lowest indicator is “identifying alternative” with a percentage of 53.8%.

Entrepreneurial intention indicators show by Table 5. as a follow:

<table>
<thead>
<tr>
<th>Table 5. Entrepreneurial Intention Indicators</th>
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</thead>
<tbody>
<tr>
<td>Indicators</td>
</tr>
<tr>
<td>Own line of business</td>
</tr>
</tbody>
</table>
is a positive influence of tolerance of ambiguity on entrepreneurial intentions of $Y = 45.117 + 0.618X1$. It means that the magnitude of tolerance of ambiguity on entrepreneurial intentions is if the amount of tolerance of ambiguity is one (1), there will be an increase in entrepreneurial intentions of 45,735; the more positive the tolerance for ambiguity, the higher the entrepreneurial intention. The detailed description is shown in Table 7 as follows.

**Table 7. The Effect of Locus of Control (X1) and Ambiguity Tolerance (X2) on Entrepreneurial Intentions (Y)**

<table>
<thead>
<tr>
<th>Variable Influence</th>
<th>Coefficient Regression</th>
<th>t count</th>
<th>Sig</th>
<th>Hypothesis Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locus of Control</td>
<td>.492</td>
<td>5.152</td>
<td>.000</td>
<td>H0 Rejected</td>
</tr>
<tr>
<td>Tolerance of Ambiguity</td>
<td>.618</td>
<td>3.388</td>
<td>.000</td>
<td>H0 Rejected</td>
</tr>
</tbody>
</table>

The results show that the highest locus of control indicator “work hard” is at 72.8%%. This means that the respondent has a high self-control personality that is felt by students. Likewise, the results of the study show that locus of control has a positive effect on entrepreneurial intention. This supports the TPB theory of [5] that locus of control has a positive effect on entrepreneurial intentions, meaning that respondents believe that their achievements depend on their behavior. Individuals consider that the achievement of goals or objectives depends more on their abilities and actions, rather than luck or the efforts of others [22]. This is also in line with the research conducted by some scholars [23]; [24] who stated that small entrepreneurs are more internally oriented than the population in general. This is also in line with [25] longitudinal study which showed a positive correlation between locus of control orientation and entrepreneurial success. In another study, [26] reinforced how locus of control distinguishes successful and unsuccessful entrepreneurs. In addition, [27] stated that internal control leads to a positive entrepreneurial attitude, and most students who accept entrepreneurial formation can develop higher levels of control skills and self-efficiency. Based on previous research exposure and hypothesis testing, it shows that the higher the level of control, the more positive the entrepreneurial intention.

The results show that the highest indicator of tolerance of ambiguity “determining priorities” is at 80%. This means that respondents feel the aspect of being able to think and express priorities in carrying out the work they face is important. Tolerance of ambiguity is positively related to entrepreneurial intention. This supports Ajzen's TPB theory [5] that tolerance of ambiguity for a prospective entrepreneur is an important factor since it supports the ability to deal with uncertainty. It is also highly important because business builders constantly make decisions by...
considering conflicting information. Conflicts obtained from various unknown sources are significant factors that influence entrepreneurial intentions [15]. The importance of tolerance of ambiguity in creating new ventures is in line with the results of the study of [16] and correlated with entrepreneurship as conducted by [17] and [18] who found that tolerance of ambiguity had a positive impact on entrepreneurial intention among Dayak youth. Based on previous research exposure and hypothesis testing, it shows that the higher the tolerance of ambiguity, the more positive the entrepreneurial intention. Empirically, tolerance of ambiguity has the greatest influence on entrepreneurial intention, which is higher than locus of control. This is a finding that entrepreneurship intention is not only strengthened by locus of control, but also strengthened by other aspects of personality, namely locus of control.

The entrepreneurial intention of the gender factor is shown by statistical calculations using the independent sample t-test. The test was employed to see whether there is a similarity of variance between men and women through the F test for entrepreneurial intention, with the statistical hypothesis that "there is a difference in the average entrepreneurial intention of male and female students". Based on calculations by using SPSS 23, the significance coefficient of the hypothesis is obtained. The difference between the average entrepreneurial intentions of male and female students is presented in Table VIII as follows.

**Table 8. Free sample test of Entrepreneurial Intention from Gender**

<table>
<thead>
<tr>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Score Equal variances assumed</td>
<td>1.62</td>
</tr>
<tr>
<td>Score Equal variances not assumed</td>
<td>1.00</td>
</tr>
</tbody>
</table>

From the test results, it is obtained a p-value of 0.688. Thus, the significance score is greater than 0.05. This means that the null hypothesis is accepted. It can be interpreted that there is no significant difference in the entrepreneurial intention of male and female students. The results of this study contradict the studies conducted by [19], [28] [29], and [20]. The studies mostly argued that men were shown to have higher entrepreneurial intentions than women. This happens because of the condition factor as many female students do business activities during teaching-learning activities.

**4. CONCLUSIONS**

Based on the results of the study, it can be concluded that descriptively the locus of control variable was in moderate condition, the ambiguity tolerance variable was in high condition, and the entrepreneurial intention variable was in high condition. Hypothesis testing showed that the locus of control and the tolerance of ambiguity had a positive and significant effect on entrepreneurial intention. There was no difference in entrepreneurial intention from the gender aspect between men and women. It is recommended to improve the indicators on the variables studied which are still low, namely the locus of control variable "experimentation". It needs to be improved through increasing entrepreneurship practice activities on campus and increasing knowledge and skills. The indicator that needs to be improved from the tolerance of ambiguity variable is "identifying alternative" through increasing student organization activities in organizational management. Moreover, other researchers are advised to study the entrepreneurial intention of personality factors other than locus of control and tolerance of ambiguity.

**REFERENCES**

[10] A. Göksel and B. Aydintan, “Gender, business education, family background, and personal traits; a


ABSTRACT

The waste problem is a very complicated problem to solve. In Indonesia itself, the waste problem is very worrying. Based on data from ScienceMag, it is stated that Indonesia is the second-largest contributor to plastic waste to the sea after China, followed by the Philippines, Vietnam, and Sri Lanka. This study analyzes the types of policies that are appropriate to support the handling and prevention of increasing waste. The data used in this research is qualitative data in the form of descriptive analysis. The results of the study indicate that the imposition of a waste tax to parse waste problems that occur in urban areas so far can be an alternative that can be done by local governments.

Keywords: Tax Policy, Tax Payer, Waste.

1. INTRODUCTION

The waste problem is a very complicated problem to solve. In Indonesia itself, the waste problem is very worrying. Based on data from ScienceMag, it is stated that Indonesia is the second country that contributes plastic waste to the sea after China, followed by the Philippines, Vietnam, and Sri Lanka [1]. According to data taken from the National Waste Management Information System (SIPSN) of the Ministry of Environment and Forestry, it is stated that the amount of waste produced by the Indonesian people reaches 22,728,880.94 (tonnes/year) [2].

Waste management itself is one of the problems that are currently a big challenge for the government. No wonder the government lately has always promoted the 3R (Reduce, Re-use, Recycle) program to reduce the amount of waste produced.

In addition to the 3R program, the Waste Recycling Industry is also the answer to the problem of waste management. In addition to providing positive impacts such as improving social and economic conditions for business actors, the waste management industry itself has been recorded to have contributed to the handling of waste problems with the amount of waste that has been handled as much as 11,281,843.89 (tons/year).

The waste recycling industry, including the plastic waste recycling industry, is an industrial link that can reduce the growth rate of the waste. In the plastic waste recycling industry, the sorting of plastic waste is generally done by scavengers.

Plastic waste that has been successfully separated from other types of waste is processed into plastic pellets, which can be used as raw materials for certain plastic products in the next cycle. The plastic recycling industry has a long process and involves a lot of labor. The Indonesian Plastic Recycling Association (ADUPI) estimates that in 2013 this industry will be able to process up to 5.4 million tons of plastic waste per year or around 15 thousand tons per day, involving more than 780 thousand workers. In the upstream part of the plastic recycling industry, there are scavengers who play a role in sorting plastic waste from other types of waste.

Scavengers collect plastic waste discarded by the community and sell it to collectors. The collectors collect the plastic waste produced by the scavengers and deposit it into the plastic waste grinder. The job of the grinder is to process plastic waste into a very thick...
The next stage is the molding of the liquid into plastic pellets, which are ready to be used as raw materials in the plastics industry.

In accordance with the Law of the Republic of Indonesia Number 42 of 2009 concerning the Third Amendment to Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods, plastic raw materials include VAT subject to taxable goods (BKP). There is no difference between new plastic raw materials and recycled plastic raw materials, both of which are BKP VAT. The difference is that since 2009 new imported plastic raw materials have received the DTP VAT facility, while domestically produced new plastic raw materials and recycled plastic raw materials do not receive the same facilities. This is the reason for the plastic recycling association to propose a VAT exemption for plastic ore products from recycled products. The tight price competition for plastic pellets has forced plastic waste recycling entrepreneurs to choose a shortcut, namely reducing the price of plastic waste from scavengers rather than collecting VAT from buyers.

Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures in Article 1 paragraph 1 reads that tax is a mandatory contribution to the state owed by an individual or entity that is coercive under the law. By law, without receiving direct compensation and being used for the purposes of the state for the greatest prosperity of the people.

Tax is a contribution paid to the state by taxpayers who spread their obligations according to applicable regulations without obtaining returns, which can be directly appointed for the purpose of financing general expenses related to the state's duty to administer the government.

Related to this, it is known that taxes have a very important role in the life of the state, especially as a source of financing and state development. There are two tax functions according to [4], namely:

1. The Function of Budgetair (Source of State Finance)
   Taxes are one source of government revenue to finance expenditures, both routine, and development. As a source of state finance, the government tries to put as much money as possible into the state treasury.

2. Regular end Function (Managers)
   Taxes are a tool to regulate or implement government policies in the social and economic fields and achieve certain goals outside the financial sector.

Taxes are a fiscal instrument used to finance development. Taxes are coercive and are stated in the law and many policies that regulate taxes so that the management of the tax itself goes well. Tax-related policies are classified as Fiscal Policies which are an economic policy made by the government to direct the economy with changes in government spending and income. The main instruments used in Fiscal Policy are government spending/state spending and taxes.

To implement fiscal policy, the government can impose taxes on labor income, profits, and consumption [5]. The role of fiscal policy, especially tax policy, is to increase the economic growth of a country.

According to Law Number 18 of 2008 concerning Waste Management, what is meant by waste is the residue of human daily activities and/or natural processes in solid form. This waste is generated by humans every time they carry out their daily activities.

Waste management in Indonesia has become an actual problem along with the increasing rate of population growth which has an impact on the increasing amount of waste produced. Several studies have analyzed the causes of problems that occur in waste management in Indonesia. [6] analyzed the problems faced in waste management in Indonesia, including the lack of a firm legal basis, inadequate waste disposal sites, lack of effort in composting, and lack of proper TPA management.

[7] said that the problem of waste management in Indonesia is seen from the following indicators, namely, the high amount of waste produced, the level of waste management services is still low, the final waste disposal site is limited in number, waste management institutions and cost problems.

2. METHODS

This research was conducted on the owner of the waste recycling industry as a taxpayer. This research uses qualitative research methods. Qualitative research is defined as a research method based on postpositivism or interpretative philosophy, used to examine the condition of natural objects, where the researcher is the key instrument, and the data collection technique is done by triangulation. Using descriptive analysis method [8]. The descriptive method is research conducted to describe independent variables, either only on one or more variables (stand-alone variables) without making comparisons and looking for that variable with other variables [9]. This research data collection technique uses a literature study that utilizes journals, books, and other readings as references.

3. RESULTS AND DISCUSSION

Based on several previous studies such as (Hertomo et al., 2018) found that the contribution of Bekasi City's waste retribution to PAD is still very small due to low tariffs, limited human resources, and low public
awareness and participation in paying user fees. This has an impact on waste management that is not optimal. In addition, [10] also found that the seven-year implementation of garbage retribution collection in the Gianyar Regency was less effective due to the lack of clear enforcement of legal sanctions, so the level of compliance in paying retribution was low. The reality on the ground shows that user fees have not been able to effectively improve waste management and increase PAD. Therefore, an alternative policy in the form of imposing a waste tax is considered to be more effective in supporting waste management in urban areas. In addition, the waste tax will encourage people to be more responsible and wiser in managing waste because they are worried that they will be taxed or taxed in large amounts.

Reflecting on foreign experiences, one of which is the imposition of a garbage tax in Switzerland or pricing garbage by the bag (PGB), it was found that its implementation is quite effective in reducing waste. At the beginning of the implementation of this policy, the public assumed that the application of the tax would be unfair and unsuccessful. However, over time, the PGB policy was able to reduce unsorted waste per capita by 40 percent, as well as increase the recycling of aluminum and organic waste without causing excess waste to flow to the surrounding area. This success is inseparable from the principle of fairness applied in this environmental tax, where those who produce more waste are those who pay more [11].

The imposition of a waste tax to parse waste problems that occur in urban areas so far can be an alternative that can be done by local governments. However, the addition of this new type of tax will cause pros and cons in society. There are some points that need to be anticipated by the government in implementing this waste tax policy is the practice of tax avoidance by independently disposing of their household waste to places that are not supposed to be or to areas that have not implemented a waste tax, which will result in the generation of new waste.

**REFERENCES**


Does the Information System Audit Syllabus Fit the Industry's Needs?
Practitioners and Academic Perceptions

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ABSTRACT
The successful absorption of graduates in practical work will depend on the curriculum design offered by the study program. Developing a course syllabus that suits industry needs is an important aspect that must be considered. This study aimed at seeing differences in perceptions regarding the level of relevance of information system audit material based on the perceptions of practitioners and academics. The research method used was a descriptive quantitative method. The respondents in this study were accounting study program lecturers and practitioners in the fields of accounting, auditing, and information technology. The data analysis was performed using one-way ANOVA. The results showed no differences in perceptions regarding the relevance of the information system audit syllabus. The implication of this research can be used as the basis for undergraduate accounting study programs in Indonesia in developing a curriculum that suits industry needs.

Keywords: Academics, Information System Audit, Perception, Practitioners, Syllabus.

1. INTRODUCTION
The increasing development of information technology has led to significant changes in the company's business activities. Information technology has helped business entities conduct their operational activities, including preparing financial reports. All entities are currently developing accounting information systems to produce quality accounting information. The use of computerized Accounting systems has brought opportunities for companies to perform the accounting function more effectively and efficiently because the use of computerized AIS has brought significant time and cost savings [1]. This is important because quality financial report information will help users make the right economic decisions.

The use of Information Technology can improve internal control by adding new control procedures performed by computers to replace the manual controller, which is prone to human error [2]. However, the accounting information system can be ineffective [3]. In reality, the existing accounting information system still has various weaknesses, such as errors due to inadequate general controls, inappropriate application controls, inconsistencies in information generated by the information system with the company's business strategy, or other errors. Therefore, the need for information system audit services is increasing along with the increasingly massive use of information technology. One of the vital information system audit services is related to financial statement audit services. Before carrying out a detailed examination of the information in the financial statements, the auditor who audits the financial statements will need an information system audit service to obtain sufficient assurance that the information generated from the information system is reliable.

The increasing need for information system audit services certainly encourages various study programs to provide graduates with sufficient expertise in information systems auditing. An information system audit is a combination of audit science and information technology. Information system audit services required during the audit of financial statements encourage the improvement of the competence of public accountants in the field of information systems auditing. Therefore, accounting study programs today also offer curriculum
courses of expertise in information systems auditing. This course is not only offered at the undergraduate level but is also offered at the master's and doctoral levels.

Information systems auditing courses are specific and require basic skills at an advanced level in information technology development, while accounting learning curricula do not contain details regarding technical information system development courses. Meanwhile, the information system audit process demands competency regarding information systems in a more technical direction. Information systems auditing competencies also include the ability to develop IT governance to match the needs of the entity. Therefore, the information system audit material developed in the accounting study program in practice has three learning focuses. First, information system audit material focuses on the use of audit applications in the financial statement audit process. Second, the information system audit material focuses on the information system audit process itself, and the third is a combination of the two materials previously described.

The difference in information system audit material offered by various universities in this accounting study program is interesting to be studied more deeply because successful curriculum development is curriculum development tailored to industry needs. A study on the development of a syllabus for information systems audit material is needed. The curriculum must adapt to the increasingly competitive businesses and industries [4]. Curriculum development aims to adapt education to social change and explore new knowledge [5]. The failure of a study program in curriculum development is because the study program cannot adapt to the environment's needs, especially the needs of graduates who are constantly developing dynamically. The development sometimes goes extremely fast, while a new curriculum will be implemented. Therefore, it is crucial for academics to involve graduate users in developing the curriculum to have competencies that follow industrial needs.

One of the sources that can be used as a reference for curriculum development is the result of research (experimental data) [6]. To continually improve the curriculum, the Ministry of Research, Technology, and Higher Education has made various research development programs based on research results so that Indonesian universities can reach the top World Class University (WCU) rankings. Based on the WCU ASEAN ranking, only three universities have entered the 500 WCU. Based on the Ministry of Research and Technology's performance reports, the ranking of universities in Indonesia is still below Singapore and Malaysia. This spurs all elements in higher education in Indonesia to improve the relevance, quantity, and quality of education. Currently, the achievement based on the 2019 Ministry of Research and Technology's performance report results has only reached 82.90% of the total target achievement. One of them is by preparing information system audit practitioners who can compete in the audit service industry, especially in ASEAN.

The development of curriculum and material syllabus based on research results has been conducted by researchers in Indonesia and world researchers. Previous researchers who reviewed the development of accounting and auditing curricula have been conducted by [7] [8] [9] [10] [11]. However, previous studies conducted by [7] [8] [9] [11] focuses on updating the accounting syllabus with an information system technology approach and has not yet related to the relevance of the syllabus based on practitioners' perceptions. Meanwhile, another study by [10] [12] examined the relevance of the syllabus based on the perceptions of academics and practitioners, but the syllabus developed is not a syllabus that relates to the information system technology approach.

This research is a development from previous research to fill the unavailability of research on the relevance of developing an information system audit syllabus required by users of $1$ accounting graduates. Based on the description above, this research is interesting and important to know the different perceptions of academics and practitioners regarding the information system audit syllabus developed.

1.1. Literature Review

1.1.1. Social Cognitive Theory and Model Development for Information Systems Audit Learning

The social cognitive theory explains that human behavior can be formed from imitating a person or a condition and situation he is facing. Albert Bandura developed this theory in the 1970s, where this theory states that learning is a cognitive process in a social context and can occur through observation or instruction. The learning process obtained in lectures is a replication of the knowledge gathering process students need in facing the industrial world's challenges. The more similar a learning process is to the realities of tasks that auditors will face in the future, it shows the quality of the learning is because it can match the needs of the graduate users of the accounting study program.

An information system audit is a systematic process conducted to determine that the information system used by an entity can produce quality information and support the achievement of the entity's goals. Information system audits are conducted by someone who has competence in auditing and information technology. Information system audit services are needed in relation to auditing services for financial statements. Financial report auditors must have sufficient confidence that the accounting information system owned by the entity can produce
quality information in the financial statements. Therefore, the competence of financial statement auditors has also developed to gain knowledge about the technical preparation of accounting information systems. Planning regarding the appropriate information system audit learning method will be contained in the information system audit syllabus. The design of this syllabus should involve social interaction between academics and practitioners so that the level of relevance of the syllabus to the needs of graduate users will be even higher. This interaction can take the form of the involvement of information systems audit practitioners in the development of the current curriculum.

1.1.2. Differences in Perceptions of Practitioners and Academics Regarding the Relevance of the Syllabus to Industry Needs

Economic globalization has brought about significant changes in industrial processes. One of these changes is marked by the increasingly massive use of information technology. The development of information technology is currently very much needed because information is a vital economic resource that is owned to achieve company goals. The importance of information systems integrated with the company's business strategy encourages company owners to organize them well. One of the company's information systems is related to the accounting information system. Through this system, the company can obtain historical financial report information and other information made by management accountants as a tool to predict, design, and evaluate business processes.

In practice, the information systems built by companies are often less relevant and do not follow the company's needs, so the information generated cannot be useful in making strategic decisions. Therefore, an information system audit is needed to ensure the quality of the information produced, especially financial information. The need for information system audits encourages public accountants as auditing professionals to have competence regarding information system audits, including to be able to compete in professional audit services at the ASEAN level. Auditor competence in using information technology has a significant positive influence on the success of the e-audit system [13].

To produce professionals in information system auditing, the pre-audit education process obtained in tertiary institutions is required to have an excellent quality education. Study programs that can prepare graduates who can be valuable and ready to solve problems in the world of work must always collaborate with practitioners in preparing their curriculum. Curriculum development in accordance with industry needs must also be conducted in detail, including determining the material syllabus per course offered by the study program. The course syllabus must reflect the general and specific competencies that this profession expects; therefore, the development of the syllabus must at least approach industrial conditions.

Differences between theory and field practice are frequent and unavoidable. The practical development of the business, which is constantly changing, demands the development of theory which is also relevant to current conditions. Often graduates feel that the learning theories that have been obtained in higher education are unused or irrelevant to industrial needs. This gap occurs when academics are stagnant and unable to develop learning media relevant to industry needs. Developing an information system audit syllabus that can predict and follow the conditions of the needs of graduate users will always involve practitioners in developing the syllabus. Thus, there will be no difference in perceptions about the level of importance of material between practitioners and academics. Based on the description above, the following research hypothesis was proposed:

H1 = There is no difference in perceptions between practitioners and academics regarding the relevance of information systems audit learning materials.

2. METHODS

This research employed descriptive quantitative research methods. The population in this study are practitioners and academics in the fields of accounting, auditing, and information systems in Indonesia. The sampling method used was purposive sampling. The sample in this study amounted to 33 people consisting of 16 practitioners and 17 academics. The instruments in this study were developed from the results of previous research conducted [14]. The research produced an overview of the information system audit material resulting from Focus Group Discussion activities with speakers who have competence in auditing, education, information systems, and governance. Furthermore, from this general description, literature studies related to information system audit materials were obtained from various textbooks and information system audit guides from related professional organizations. The instrument in this study was also developed by conducting literature on the existing information system audit syllabus at state universities in Indonesia.

This research questionnaire uses a Likert scale of 1-7. Data were analyzed using non-parametric test analysis. Hypothesis testing in this study used the One-way ANOVA to see the differences between the two groups of participants, namely practitioners and academics. The level of significance in this study was 5%. The assumptions that must be met in the One-way ANOVA test are the normality and homogeneity tests. This study used the Kolmogorov Smirnov test for normality and Levene's homogeneity tests.
3. RESULTS AND DISCUSSION

3.1. Research Results

This study aims to examine differences in the perceptions of practitioners and academics regarding the relevance of the syllabus of the information system audit course developed by the author based on the results of a literature study. The number of respondents in this study amounted to 33 people. Table 1 below describes the research respondents.

Table 1. Research Respondent Data

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Respondents</td>
<td>17</td>
</tr>
<tr>
<td>Practitioner Respondents</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
</tr>
</tbody>
</table>

Respondents in this study filled out the questionnaire within the specified time. The development of the questionnaire was based on the results of previous research conducted by [14]. The information system audit developed material is based on the primary material as follows.

Figure 1. Information System Audit Material

The information system audit material described in Figure 1 consists of 7 (seven) main studies, namely: 1) Basic Concepts and Needs for Information System Audit Services; 2) Information System Governance and Management; 3) Information System Development; 4) System Operation, Maintenance and Service Management; 5) Information Protection; 6) Information System Audit Standards; and 7) Information System Audit Process. The subject matter of this study is an overview of the information system audit material, which is then developed into a material syllabus from meetings 1 (one) to 14 (fourteen). Furthermore, respondents are asked to fill in the level of relevance of the material to the needs of the industrial world.

Table 2. Table Styles

<table>
<thead>
<tr>
<th>Variable: Perception Syllabus</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>2,215</td>
<td>1</td>
<td>2,215</td>
<td>.127</td>
<td>.724</td>
</tr>
<tr>
<td>Within Groups</td>
<td>541,967</td>
<td>31</td>
<td>17,483</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>544,182</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The F-count value in this study is equal to 0.127 with a significance of 0.724. The significance value is above 0.05, which indicates that there is no significant difference in perceptions of the relevance of the information system audit course material between practitioners and academics. Thus hypothesis 1 in this study states that there is no difference in perceptions between practitioners and academics regarding the relevance of information system audit learning materials is accepted.

3.2. Discussion

One of the successes of a study program is measured by the absorption of graduates into the workforce. The absorption of the workforce must also be accompanied by high-quality graduates. This quality will reflect the ability of graduates to implement their knowledge in work practices. Learning at the university level that is in line with the needs of the world of work is very necessary. Therefore, the study program must develop a curriculum following the general competencies and specific competencies required. These competencies will be obtained by establishing a course syllabus relevant to industry needs.

Current industry needs are closely related to the effective use of information technology in all business activities, including financial reporting. The financial statements that the company presents will, of course, be used as the basis for making economic decisions. Therefore, the financial statements must meet the relevant elements: reliable, timely, and accurate. Quality financial reports will be generated from a quality information system. The information system audit process is needed to ensure that the information in the financial statements can provide added value for users of financial statements.

The information system audit process will support the work process of the financial statement audit. Therefore, the information systems auditor profession is the most needed and in demand. Public accountants are currently starting to develop their competence in information systems through various information system auditor certification programs. The increasing need for information system auditing services encourages various accounting study programs to provide information systems audit courses. However, there are various obstacles in preparing the curriculum, one of which is the adjustment of the rapid development of practice with the
understanding of the teaching staff regarding changes in practice in the field.

4. CONCLUSIONS

The results showed no differences in perceptions regarding the relevance of the information system audit syllabus. The implication of this research can be used as the basis for undergraduate accounting study programs in Indonesia in developing a curriculum that suits industry needs. This study only uses a small number of respondents. Therefore, further research may use a larger sample.

REFERENCES


Less Cash Society Movement: The Impact of Using E-Money on Social Changes

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ABSTRACT
This study aims to examines the phenomenon of electronic money and its impact on social change in urban areas described by Virilio's acceleration theory. Data collection techniques through interviews with informants using electronic money applications in Garut Regency. The results showed that the impact of using electronic money on social change led to a new transaction style that replaced the use of cash. During the Covid-19 pandemic, informants who use electronic money feel that it is easy to make transactions without having to bother carrying a lot of money. Product offerings are becoming more and more intense on social media which creates consumptive behavior in the community, such as being easily attracted to shopping vouchers, offered discounts, and tempted by the cashback phenomenon offered by several online shopping applications. So, the presence of technology is something that cannot be separated from human life. In accordance with Virilio's statement regarding dromology, society is experiencing accelerated social change due to the influence of technology that is developing continuously. The government's policy on the National Non-Cash Movement/National Non-Cash Movement is the reason that people are directed to a less cash society.

Keywords: Less Cash Society Movement; E-Money; Social Change.

1. INTRODUCTION
Technological development has an impact on all aspects of life including changes of the existing payment system. Cash payment by using money has begun to shift to non-cash instrument. The development of the use of non-cash payments are not only separated from technological development but also supported the government's efforts towards Less Cash Society [1]. A country's economic success is dependent on its payment system. The smoothness of a country's payment system has a considerable influence on the effectiveness and smoothness of its economy [2]. In the APAC digital banking sector, Indonesia is one of the most lucrative untapped areas. Sixty-six percent of the 260 million people in the country are "unbanked" (do not have a bank account). And, despite the fact that 66 percent of the present population was raised with internet access, less than 40 percent of Indonesian smartphone users had previously utilized financial services applications.

![Figure 1. Indonesian e-money users’ top sources for information about e-money](image-url)
messages and relationships is made between the various information provided and Consumers who will make purchasing decisions. When one member has had these items, they are often the source of information for the other members [4].

The use of social media will certainly affect the users themselves in thinking and acting both personally and in groups [5]. Teenagers are more likely to make decision making and risky behaviour than adults and the influence of peers play an important role in explaining the behavior at risk during adolescence [6]. Peers influence the involvement of adolescent consumer products [7]. A consumptive behvaiour is influenced by several factors. One of the influential factors is the reference group. Reference groups are a group of people who strongly influence individual behaviour. A person will see a group of references in determining the product they consume [8].

When we looked at why Indonesians use e-money, our surveys revealed that 48 percent of women aged 25-28 and 46 percent of males aged 29-34 were already using it to buy everyday essentials like food, drinks, and groceries online. In comparison to 28 percent and 32 percent of males in the same age groups, this suggests that women make more decisions about household expenditures and online food shopping. When opposed to monthly overhead payments like household utilities and bills, which are often paid for by male family members, these sorts of high-frequency domestic transactions are considerably simpler for e-money businesses to influence.

<table>
<thead>
<tr>
<th>USES FOR E-MONEY</th>
<th>MALE</th>
<th>FEMALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay for online shopping</td>
<td>18-24</td>
<td>25-28</td>
</tr>
<tr>
<td></td>
<td>29-34</td>
<td>35-45</td>
</tr>
<tr>
<td></td>
<td>18-24</td>
<td>25-28</td>
</tr>
<tr>
<td></td>
<td>29-34</td>
<td>35-45</td>
</tr>
<tr>
<td>Pay for provider-voucher</td>
<td>58%</td>
<td>70%</td>
</tr>
<tr>
<td>Pay for online shopping</td>
<td>72%</td>
<td>67%</td>
</tr>
<tr>
<td>Pay for online shopping</td>
<td>68%</td>
<td>74%</td>
</tr>
<tr>
<td>Pay for online shopping</td>
<td>75%</td>
<td>51%</td>
</tr>
<tr>
<td>Buy Go-Jek/GrabPay credits</td>
<td>41%</td>
<td>60%</td>
</tr>
<tr>
<td>Buy Go-Jek/GrabPay credits</td>
<td>54%</td>
<td>55%</td>
</tr>
<tr>
<td>Buy Go-Jek/GrabPay credits</td>
<td>38%</td>
<td>64%</td>
</tr>
<tr>
<td>Buy Go-Jek/GrabPay credits</td>
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<td>32%</td>
</tr>
<tr>
<td>Buy for transportation online</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>Buy for transportation online</td>
<td>36%</td>
<td>41%</td>
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<tr>
<td>Buy for transportation online</td>
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<td>44%</td>
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<td>Buy for transportation online</td>
<td>47%</td>
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<td>Buy food, beverages, and groceries online</td>
<td>38%</td>
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<td>Buy food, beverages, and groceries online</td>
<td>32%</td>
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<td>Buy food, beverages, and groceries online</td>
<td>30%</td>
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</table>

Figure 2. Indonesian e-money users

It’s worth noting that more than half of Indonesia's population is under the age of 30, and so likely to be familiar with digital and e-money. On that topic, our survey found that 68 percent of women aged 18 to 24 utilized e-money to pay for online purchases, compared to 58 percent of males in the same age range. The lifestyle of hedonism is very appealing to teenagers, as it only wants pleasure. Such behavior will be accustomed to and become a culture [9]. The motivation of hedonists is a behavioral-driven buying activity with five senses, delusion and emotion that makes the pleasure and enjoyment of the material the main goal of life [10]. With the existence of electronic money, it is a new trend that changes people's lifestyle a little with the convenience of shopping, so that the payment system for cash transactions is quickly shifted to non-cash or called cashless [11].

2. METHODS

A qualitative approach in the form of case studies was chosen in this study with data collection techniques using interviews. The research method was conducted to collect factual information. Interviews were conducted on informants consisting of E-money users. The data collection instrument used simple interviews to strengthen the data and was carried out directly. This research focuses on insinmisse secats on one object that is to be studied as a cash. Case study data can be verified from all parties concerned, in others words in this study, all of them collected from various sources [12].

Descriptive qualitative research using data analysis namely, induction theory, data reduction, and data presentation. Then data collection techniques through interviews, observation, and literature review. The research subject is the community. The quality research instrument is the researcher himself. The instrument of qualitative research is that researcher is in harmony with the ghosts of other instruments, namely the interview guide, the researcher’s observation as the main instrument because only the researcher can act as tool to exist and respond to reality because it is complex [13].

The data validity analysis techniques include data triangulation, technical triangulation, and source triangulation. As a way to identify data suitability and data factualization. Thus the qualitative method with the type of case study can analyze a problem that occurs according to the little raised [14].

3. RESULTS AND DISCUSSION

A. Less Cash Society Movement

The payment mechanism has evolved throughout time. Cash payment systems rely on currency-based instruments such as banknotes and coins. Non-cash payment systems, on the other hand, use an instrument in the form of a Card Payment Instrument [15].

LCS is a central bank endeavor to eliminate the shadow economy and strengthen governance in the process of placing and safeguarding Indonesian employees through transparent payment transaction tracking [16]. The smoothness of a country's payment system has a significant impact on the efficacy and smoothness of its economy.

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process of placing and safeguarding Indonesian employees through transparent payment transaction tracking [16]. The smoothness of a country's payment system has a significant impact on the efficacy and smoothness of its economy.

Based on the efficacy indicators of the Less Cash Society implementation through card-based non-cash payment instruments, it can be inferred that the presence of the Less Cash Society can facilitate the payment system. However, due to implementation challenges, the Less Cash Society is currently ineffective in satisfying the everyday requirements of residents in the Garut Regency area [17].

The biggest impediment in Garut Regency is a lack of supporting facilities. People who wish to utilize non-cash payment instruments to acquire their daily necessities must travel to the district center's retail mall. Not to mention that individuals just wish to obtain their daily consumptive necessities in order to avoid paying public administration fees that are imposed and are seen excessively damaging [18].

People prefer to utilize cash in their daily lives since its implementation is still fraught with difficulties. Internal and external factors cause problems in the implementation of the Less Cash Society. The presence of a non-cash payment instrument in the form of a card will raise the community’s spending habit, leading individuals to believe that the presence of a non-cash payment instrument will really damage them.

B. Electronic Money (E-Money)

Money as a mode of payment is the next step in the evolution of the barter stage. Non-cash payment mechanisms have begun to replace cash payment instruments [19]. Non-cash payment transactions may be completed swiftly and conveniently, without the need for cash or the trouble of coinage. The numerous amenities that have been offered have garnered negative feedback from the community. Even if the majority of individuals have an account, the implementation is still confined to using a debit card or an ATM, despite the fact that they are aware that credit cards are available. This is due to the public’s lack of understanding of non-cash payment mechanisms.

The perceived utility, convenience of transaction, sufficiency of information, and level of security and privacy all influence e-money user acceptance, yet transaction pleasure remains low. Electronic money has significant advantages over cash, but it also has drawbacks. However, since the launch of the National Non-Cash Movement/National Non-Cash Movement on August 14, 2014, e-money penetration is still only in urban areas.

Electronic money has negative macroeconomic impacts such as exchange rate volatility and lack of collateral for real money. The lack of real money collateral arises because there is a suspicion that at some point, the amount of virtual money may exceed the amount of real money. Problems related to the use of e-money can also occur due to liquidity problems of their issuers, as well as the consequences of the obligations imposed by the issuers [20]. E-money provides greater convenience and is more efficient than cash payment systems, there are several factors that do not support the loss of cash payment systems.

C. The Impact of Using E-Money on Social Changes.

The phenomenon of this change is very visible in any society, especially in Indonesia, people want everything quickly and instantly, supported by advanced and sophisticated technology. Technological progress is a convenience that can meet a human need. Dromology at this stage is a new power, the impact is that people are really trapped and addicted to technological tools and the paradigm of society that has been shaped by it [21].

Dromology comes from the Greek dromos which means race or racecourse. Paul Virilio is a French theorist who created an innovative and interesting form of study that deserves wide acclaim. His study of dromology comes from the suffix "drome" which refers to a race track or a car race place in his study.

The findings showed that electronic money appeared in Indonesia and was then socialized by Bank Indonesia through certain seminars and then socialized through socialization agents both formally and informally. Socialization is also carried out to the wider community with the language of marketing [22]. Not only Bank Indonesia parties but also the mass media play a role in disseminating electronic money to the public such as in advertisements on social media. The development of electronic money was not realized from year to year.

In accordance with Virilio's statement regarding dromology, society is experiencing accelerated social change due to the influence of technology that is developing continuously. Dromology at this stage is a new power, the impact is that people are really trapped and addicted to technological tools and the paradigm of society that has been shaped by it [23]. Electronic money is an important issue because it is considered a future payment revolution that will replace the traditional system of cash and checks.

Further findings impact on society including the emergence of new consumerism. The development of technology, the proliferation of online markets and malls in the city of Bandung makes people tend to be consumptive, as stated by one of the informants who use electronic money. This makes me enjoy transactions without being complicated because of its convenience, but another impact is consumptive behavior, especially if there are discounts, vouchers or points [24]. provided by
merchants or electronic money companies, will regret not taking advantage of these discounts or vouchers.

The rapid industrial development makes the provision of public goods abundant. That way people are easily attracted to consuming goods with many available choices, if this is not controlled, it is not impossible that consumptive patterns will become a culture [25]. Technology that provides comfort in human life can cause people to behave consumptively. Consumptive behavior is a tendency of society because of the desires and needs this can encourage people to tend to consumerism if it cannot be controlled. Consumerism or consumer culture is one term that is often used to describe the social and cultural transformations that have occurred in modernity.

4. CONCLUSIONS

The government's policy on the National Non-Cash Movement/National Non-Cash Movement on August 14, 2014 became the reason for the public to be directed to a less cash society. The positive impact of electronic money is a necessity for its users, but behind the convenience it provides, electronic money has a negative impact, namely consumerism on its users. Consumerism arises due to the illusion given by electronic money in the form of discounts, points, and vouchers.

REFERENCES


Analysis of Mudharabah, Musyarakah and Ijarah Partially to Return on Assets (ROA) in Islamic Banks

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ABSTRACT
The purpose of this study is to analyze the effect of partial mudharabah, musharakah, and ijarah on Return on Assets (ROA) in Islamic banks. This study used the explanatory research method which means that the research seeks to explain and highlight the relationship between the variables contained in the study and explain the effect of the independent variables on the dependent variable, in addition to testing the proposed hypothesis. Based on the partial test, the results show that mudharabah has a positive and insignificant effect on Return on Assets (ROA), while musharakah shows a significant negative relationship. Also, ijarah has no relationship and is not significant. Based on simultaneous testing, the results obtained that mudharabah, musyarakah, and ijarah together have a positive relationship and have a significant effect on Return on Assets (ROA).

Keywords: Mudharabah, Musyarakah, Ijarah ROA, Islamic Bank.

1. INTRODUCTION
Islamic banks are financial institutions that facilitate economic mechanisms in the real sector through business activities (investment buying and selling, or others) based on sharia principles. This sharia principle is the rule of agreements based on Islamic law between banks and other parties for depositing their funds in the bank or financing business activities, or other activities declared in accordance with sharia values. The development of sharia banking is expected to make a greater contribution to the development of the national economy. The main financing principles in Islamic banks are murabahah, mudharabah, musyarakah and ijarah financing [1].

Meanwhile, according to Elis Ratna Wulan [2], this type of financing does not entirely increase economic growth because for financing with contracts such as buying and selling, leasing, and hiwalah are generally used for consumptive needs and not for working capital. Meanwhile, contracts or financing with mudharabah and musyarakah contracts are less attractive, so it is necessary to identify the causal factors.

According to Indriani [3] mudharabah financing, musyarakah financing, murabahah, and ijarah leases have a significant negative effect on profitability. Reinissa [4] states that simultaneously mudharabah, musyarakah and murabahah have a significant effect on ROA, while the mudharabah partial test has no significant effect, but musyarakah and murabahah have a significant effect on ROA.

Ditha et al [5] stated simultaneously or partially stated that mudharabah financing, musyarakah financing, and ijarah leases had a significant positive effect on profitability. Increasing the profitability of Islamic banks continues to be carried out every year, one way of Islamic banks in an effort to increase their profitability is to increase funds from available funding sources. Increasing the source of funds carried out by Islamic banks is pursued by collecting funds from the public, the funds that have been collected by Islamic banks will then be channeled back to customers [6]. In carrying out their
financing activities. Islamic banks package their services in various products. The main financing principles in Islamic banks are murabahah, mudharabah, musyarakah, and ijarah financing. [7].

Considering that the purpose of investors to invest is to seek profits in the form of capital gains and cash dividends, it is necessary to do a fundamental analysis of financial ratios, one of which is to analyze the Return on Assets (ROA) ratio so that it can provide a signal to investors as consideration for investing [8].

If ROA has a high value, then the company's performance in managing assets into profits for the company is very good [9]. The bank's ability to generate profits will depend on the ability of the bank's management to manage existing assets and receivables. Based on the aforementioned explanation, the question is formulated as follows “how the Partial Analysis of the Effect of mudharabah, musyarakah and ijarah on return on Return on Assets (ROA) in Islamic Banks can be formulated?”

2. METHODS

This study used explanatory research which means that the research seeks to explain and highlight the relationship between the variables contained in the study and explain the effect of the independent variables on the dependent variable, in addition to testing the proposed hypothesis.

The data collection techniques in this study were carried out through library research in the form of literature, journals, previous research, and published reports to get an overview of the problem to be studied as well as through secondary data in the form of reports published by the Financial Services Authority (OJK).

3. RESULTS AND DISCUSSION

This research was conducted at PT. Bank Muamalat during the period 2012-2016 using quarterly data. Before discussing the effect of mudharabah financing, musyarakah financing, ijarah financing on Return on Assets (ROA), we will first discuss the development of mudharabah, musyarakah, ijarah, and Return on Assets (ROA) of PT. Bank Muamalat Indonesia, during the period 2012-2016. The data used and analyzed in this study are secondary data because they are data collected by PT. Bank Muamalat and have been published in the form of an annual report.

Based on SPSS calculation, the correlation coefficient value is 0.814 or 81.4%, which means that mudharabah has a very strong relationship to Return on Assets (ROA). The coefficient number is positive (+) indicates that the relationship between the two variables is directly proportional, meaning that an increase in one variable will be followed by an increase in other variables, so the higher the mudharabah, the higher the Return On Asset (ROA) increase. In addition, it is known that the mudharabah significance value is 0.079 where 0.079 0.05 means that the mudharabah relationship to Return on Assets (ROA) is not significant. For the 95% confidence level (α = 5%), then the t critical is 1.745, and based on the SPSS calculation, the tobserved is 1.877. So tobserved > t critical (1.877 > 1.745). Then the decision rule is Ha is rejected and H0 is accepted.

Thus, it can be concluded that the partial mudharabah results have an insignificant positive effect on Return on Assets (ROA). This study is in line with research conducted by Reinissa (10) and Sharia Noor Lubis (11) claiming that partially mudharabah has a positive and insignificant effect on Return on Assets (ROA).

To determine the degree of closeness of the relationship between Musyarakah and Return on Assets (ROA), calculations were carried out using SPSS 24 software. Based on SPSS calculations, the correlation coefficient value was obtained at 0.814, which means that Musyarakah has a very strong relationship to Return on Assets (ROA). The coefficient number is negative (-) indicating that the relationship between the two variables is inversely proportional, meaning that an increase in one variable will be followed by a decrease in another variable, so the higher the musharakah, the lower the Return On Asset (ROA) become.

In addition, it is known that the significance value of Musyarakah is 0.00 where 0.00 <0.05 (5%) means that the relationship between Musyarakah and Return on Assets (ROA) is significant. For the 95% confidence level (α = 5%), then the obtained table is 1.745, and based on the SPSS calculation, the tobserved is 4.987. So that tobserved < t critical (-4.987 < -1.745) with a significance level of 0.00 <0.05. From these results, in which tobserved < t critical and the significance level of musharakah are less than 0.05 (5%), then the decision rule is Ho is rejected and Ha is accepted.

Thus, it can be concluded that musharaka partially has a significant negative effect on Return on Assets (ROA). This study is in line with research conducted by Laela Indriani (3), Cut Faradilla, et al. (9), and Atika Septiani (12) that partial musharaka has a significant negative effect on Return on Assets (ROA).

To determine the degree of closeness of the relationship between ijarah and Return on Assets (ROA), calculations were carried out using SPSS 24 software. Based on SPSS calculations, the correlation coefficient value was obtained at 0.814, which means that ijarah has a very strong relationship to Return on Assets (ROA). The coefficient number is negative (-) which indicates that the relationship between the two variables is inversely proportional, meaning that an increase in one variable will be followed by a decrease in another
In addition, it is known that the significance value of ijarah is 0.209 where 0.209 > 0.05 (5%) means that the relationship of ijarah to Return on Assets (ROA) is not significant.

For the 95% confidence level (α = 5%), the t value is 1.745, and based on the SPSS calculation, the t observed is -1.309. So that t observed < t critical (-1.309 < 1.745) with a significance level of 0.209 > 0.05. From these results, namely, t observed < t critical and the significance level of ijarah is greater than 0.05 (5%), then the decision rule is Ho is accepted and Ha is rejected.

Thus, it can be concluded that ijarah partially has an insignificant negative effect on Return on Assets (ROA). This result is not in line with previous research that ijarah has a significant positive effect [1].

To determine how strong the influence of mudharabah, musyarakah, and ijarah on Return on Assets (ROA) the variables needed to be processed and analyzed where these variables consist of 3 independent variables (independent variables), namely mudharabah, musyarakah, and ijarah, while the dependent variable is Return on Assets (ROA). After conducting research and obtaining the necessary data, the hypothesis testing was carried out. The proposed hypothesis is “Mudharabah, Musyarakah, and Ijarah simultaneously affect the Return on Assets (ROA) at PT. Bank Muamalat Indonesia. In testing the hypothesis, a series of statistical test steps were carried out; multiple regression test, correlation coefficient test, and determination test.

From the multiple regression test table, multiple regression equation is obtained as follows:

\[ Y = 24,849 + 15,593 X_1 - 12,713 X_2 - 11,722 X_3 \]

Based on the multiple regression equation, it is acknowledged that if the value of Mudharabah, Musyarakah, and Ijarah is 0 then the Return on Assets (ROA) is 24,849 (constant value), assuming the influencing factors remains unchanged.

Mudharabah has a positive effect on the Return on Assets (ROA) obtained, with a regression coefficient of 15.593. In addition, Musyarakah, and Ijarah have a negative effect on the Return on Assets (ROA) obtained, with regression coefficients of -12.713 and -11.722, respectively. Meanwhile, based on the results of the management of the coefficient of determination table, the value of the coefficient of determination (R Square) shows the amount of Mudharabah, Musyarakah, and Ijarah on the Return on Assets (ROA) as much as 0.663 or 66.3%. This means that 66.3% Return on Assets (ROA) obtained is influenced by Mudharabah, Musyarakah, and Ijarah. While the remaining 33.7% Return on Assets (ROA) is influenced by other factors or other variables. so that it can be interpreted that Mudharabah, Musyarakah, and Ijarah are very strong factors influencing the increase or decrease in Return on Assets (ROA).

To test the hypothesis, the processing of the research data is carried out. With the criteria, Ho is rejected if Fobserved ≥ Fcritical and if Fobserved ≤ Fcritical means Ho is accepted or Ha is rejected. Based on the SPSS calculation, the Fcount value is 10.494 with a significance level of 0.000. By taking the significance level = 5% (0.05) then Ftable is 3.24 so that Fobserved ≥ Fcritical (10.494 3.24) with a significance level smaller than the significance level (0.000 < 0.05).

Therefore, the rule of the decision taken is Ho is rejected or Ha is accepted, meaning that Mudharabah, Musyarakah, and Ijarah simultaneously have a significant effect on Return on Assets (ROA) at PT. Bank Muamalat Indonesia. This study is in line with research conducted by Ditha, et al (2016) and Cut Faradilla, et al (2016) that mudharabah financing, musyarakah financing, and ijarah financing have a significant positive effect on ROA.

4. CONCLUSIONS

Based on the results of research and discussion on mudharabah, musyarakah, and ijarah on the Return on Assets (ROA) of PT. Bank Muamalat Period 2012-2016. Therefore, at the end of this chapter, the writer draws conclusions and provides suggestions as follows:

Based on the partial test, the results show that mudharabah has a positive and insignificant effect on Return on Assets (ROA), while musyarakah shows a significant negative relationship. Correspondingly, ijarah has no relationship and is not significant. Based on simultaneous testing, the results show that mudharabah, musyarakah, and ijarah together have a positive relationship and have a significant effect on Return on Assets (ROA), with a significance level of 0.000.

REFERENCES


Poverty and Socio-Economic Inequality from Socio-Cultural Perspective

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ABSTRACT
In this study will describe the causes of poverty and social from the socio-cultural perspective of the community. Poverty and social inequality are the main problems in regional development, including in Garut Regency. Equitable development in Garut Regency still needs more improvements. There were many factors causing this high poverty rate; not only the economic aspect but also the socio-cultural aspect deemed contributive to this problem. In this study, poverty and social inequality were analyzed from society’s socio-cultural perspectives. This research was centered on the community with its socio-cultural conditions through library sources. The method used in this research was a literature study based on available written works. The results showed that; The mindset of the community as a socio-cultural aspect affected poverty rate and social inequality. The mindsets in question are weak, pessimistic, and less open-minded. Poverty and social problems are some of the aspects that affect society, so it is necessary to find ways to overcome these social problems and overcome them through policies and elements of the community.

Keywords: Poverty, Inequality, Social, Culture.

1. INTRODUCTION

Poverty is a condition where people do not have the ability to meet their most basic needs such as food, clothing, housing, education, and health. Poverty may be caused by the scarcity of materials to meet those basic needs or the difficulty of access to education and work. The problem of poverty and social inequality has not been optimally addressed up to now. The World Bank states that poverty is living with an income below the US $ 1 per day [1]. Based on Law no. 24 of 2004, poverty is a socio-economic condition of a person or group of people whose basic rights are not fulfilled to maintain and develop a dignified life.

In general, poverty is defined as a condition when a person or group of people is unable to fulfill their basic rights to maintain and develop a dignified life. From this definition, it is understood that poverty is a multidimensional problem that is difficult to measure, so it is necessary to agree on the measurement approach used.

Furthermore, social inequality is a state of social imbalance that exists in society which makes high discrepancy. Every society is constantly marked by inequality. inequality means unbalanced, asymmetrical, or different. Inequality has an impact on socio-economic and social stratification especially in accessing economic resources. The problem of inequality is a problem of justice, which is related to social problems. The problem of inequality is closely related to the poverty problem [2].

Socio-economic inequality includes poverty, lack of employment, and welfare. Social stratification includes political and cultural gaps. The social inequality in Indonesia is evidently visible, between the rich and the poor, as well as between officials and the people. In other words, social class differences in identity, cognition, feelings, and behavior make it less likely that working-class individuals can benefit from educational and occupational opportunities to improve their material circumstances [3].
Culture comes from the Latin "colere" which means to cultivate or work. Others believe that the term comes from the Sanskrit word buddhayah, which is the plural form of buddhi which means mind or reason. Thus, culture or culture can be interpreted as matters related to reason. Socio-cultural consists of two words, namely social and cultural. Social means everything related to the surrounding community. While culture comes from the word bodhya which means mind and reason.

Culture is also defined as manmade creation or innovation-based as a manifest of their thoughts and ideas holding love and perception. Culture is born from that is passed down from one generation to the next regarding their habits and customs that are held very closely by the people. However, these values are usually only attached to people who still uphold their customs and culture [4].

Meanwhile, according to Lena Dominelli Social is an incomplete part of a human relationship that requires an understanding of the fragile parts within. Edward B. Tylor argued that culture is a complex whole, which includes beliefs, knowledge, arts, morals, customs, laws, and other capabilities acquired by a person as part of society [5]. It can be concluded that socio-culture is everything created by humans with their thoughts and minds in social life. Participation in cultural activities can also be instrumental in helping people and communities to overcome poverty and social exclusion [6].

Socio-cultural change is a symptom of a social and cultural pattern change in society. Socio-cultural change is a common phenomenon that occurs throughout the ages in every society. These changes occur in accordance with the nature and human life that dynamically changes [7].

Poverty and social inequality are global problems these days. The problem of inequality is one of the serious problems that hit the Indonesian economy [8]. In addition to being actual, poverty and social inequality are socio-economic diseases that are not only experienced by developing countries but also in developed countries.

It is shown that socioeconomic inequalities are currently perceived by the population as excessive and illegitimate, and the gap between expectations and social reality has led to growing requests for “leveling” being made to the state [9]. Including in Indonesia as a developing country, the problem of poverty and social inequality is a major problem in national development. The level of poverty and social inequality in Indonesia varies from region to region. Generally, eastern regions of Indonesia have higher poverty and social inequality rate than western Indonesia. The government should improve infrastructure in rural areas and in eastern Indonesia in order to increase agricultural production [10].

The dichotomy is that coastal communities are represented as poor, uneducated, dull, disgraced, and inferior, while urban communities are represented as noble, educated, rich, honorable, clean, and superior people. This happened because development was only oriented towards urban areas as the center of human civilization in the colonial era [11]. Growth with the dimension of equity is an inseparable series in carrying out sustainable national development (sustainable development) [12].

In West Java, Inequality in terms of equitable development results in poverty and inequality. Garut Regency is ranked 2nd as the area with the poorest people among 27 regencies or cities in West Java in 2019 [13]. There are many factors that cause poverty and social inequality in Garut Regency, one of which is seen from the socio-cultural aspects of the community that affect the poverty rate and social inequality.

2. METHODS
This current study used a literature study research method. This literature study research is primarily conducted based on written works including research results, both published and unpublished [14]. The information was based on secondary data originating from literature or information in the form of printed or digital media. Techniques The data was obtained from library sources, reading, and processing research materials

3. RESULTS AND DISCUSSION
Garut Regency is one of the regencies in West Java Province, the poverty rate in Garut is still quite high because Garut's per capita income is still below the average per capita income of West Java. The average income of West Java is 11 million per capita per year, while the average income of Garut is 8 million per capita per year. This makes Garut one of the poorest regions in West Java Province [13] after Bogor and Cirebon.

Viewed from household expenditures for food and non-food items consumed by the community, it can be seen that Garut Regency has the lowest level of expenditure compared to other districts in West Java Province. It is typically around 60% of gross domestic product (GDP) and is, therefore, an essential variable for economic analysis of demand [15]. Based on the floor area per capita, Garut Regency has the narrowest floor area. From the aspect of telecommunications infrastructure, Garut Regency also does not have adequate access to information technology. Many Garut Residents do not have the awareness that education is very important in accessing vacancies which makes it difficult for them to get a job.
Table 1. Garut Regency Poverty Indicators 2009-2019

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</tr>
</thead>
<tbody>
<tr>
<td>Number of poor people (Thousand people)</td>
<td>410.6</td>
<td>335.6</td>
<td>330.9</td>
<td>315.8</td>
<td>320.9</td>
<td>315.6</td>
<td>325.7</td>
<td>298.5</td>
<td>291.2</td>
<td>241.31</td>
<td>317.6</td>
</tr>
<tr>
<td>Percentage of poor people (Percent)</td>
<td>17.87</td>
<td>13.94</td>
<td>13.5</td>
<td>12.72</td>
<td>12.79</td>
<td>12.47</td>
<td>12.81</td>
<td>11.64</td>
<td>11.27</td>
<td>9.27</td>
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</table>

Table 1 displays that the poverty rate in Garut Regency is still high. Thus, it's not surprising that Garut Regency is ranked 2nd as the area with the most poor residents among the 27 regencies/cities in West Java in 2019. This poverty and social inequality factor when viewed from the socio-cultural aspect is closely related to the way of thinking. How people think may affect their behavior. Therefore, if the way of thinking of the people in a certain area is weak or does not think forward, it is certain that the people in that region will not progress. Therefore, it is not surprising if the way of thinking in certain areas is weak or does not think ahead, which can lead to stagnant life. One concrete example of a way of thinking that is not advanced is laziness. Laziness can be defined as the inability to do something. Then, the attachment between the individual and this culture will always have an heir who continues the cultural pattern that has been formed [17].

Garut Regency with its many natural potentials does not guarantee the welfare of its people, especially from an economic perspective. The less developed socio-cultural community is caused by several factors, namely; 1) lack of awareness of education, and 2) cultural patterns of being lazy to work and ignoring what comes ahead has an impact on the community’s economic system due to poor quality human resources. Human resources are the investment for human capital. [18].

In addition to the laziness, a mindset that is still not ‘open minded’ also has an effect on poverty. Generally, this happens to people who live in rural areas or in remote areas. Communities in such areas rely more on natural products to meet their needs. Lack of awareness of education, in order to get a job with a higher income is another factor influencing poverty. They tend to think ‘what's the point of going to high school, with a bachelor's degree, if later they return to the gardens or rice fields because of the limited number of jobs’. This kind of pessimistic mindset has become entrenched in people's lives, especially people in remote areas of Garut in spite of their potential, especially the tourism aspect.

Garut Regency is one of the tourist destinations in West Java because it has a lot of tourism potential that can attract tourists. The number of tourist attractions in Garut such as Cipanas, Situ Bagendit, Cangkuang Temple, Santolo Beach as tourist destinations. So it is necessary to study this tourism potential to realize the creative economy [19].

This entrenched mindset lasts a long time and is passed on to the younger generation, so they too are carried away with this kind of mindset. [20]. As a result, efforts to minimize poverty and social inequality in Garut are increasingly hampered because one of the indicators of poverty is human resources. With quality human resources, the business of economic growth will no longer stagnate. However, if the quality of existing human resources is less qualified, then there is an increase in unemployment and poverty as well as social inequality. So, this wrong mindset needs to be straightened out so that it doesn't become more entrenched in society, so that people can get prosperity and be free from poverty.

4. CONCLUSIONS

Garut is one of the regencies in West Java Province, the poverty rate in Garut is still quite high. Garut Regency is ranked 2nd as the area with the most poor people among 27 Regencies/Cities in West Java in 2019. The percentage of poverty in Garut Regency reaches 12.47% with a total poor population of 317.6 thousand people. The high poverty rate seen from the socio-cultural aspect is caused by the weak mindset of the community. This mindset needs to be addressed so that it does not become more entrenched in society, and the community has a more advanced mindset so as to help the people get prosperity. With this, it will eventually reduce the poverty index in Garut.

REFERENCES


Social Entrepreneurship as an Effort for Economic Recovery During the Covid-19 Pandemic

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ABSTRACT
This study aims to determine Social Entrepreneurship as an Effort for Economic Recovery During the Covid-19 Pandemic. This survey study collected data using questionnaires involving Indonesian society in Ciamis, West Java. The results showed that Social entrepreneurship can minimize economic difficulties during the Covid-19 pandemic, that social entrepreneurship provides job opportunities for local communities, and that Social entrepreneurship can improve people's welfare.

Keywords: social entrepreneurship, economy, Covid-19 pandemic.

1. INTRODUCTION
The Covid-19 outbreak hits the world really hard. In Indonesia in particular, as many as 86,835 died of this novel coronavirus as of July 27, 2021 [1]. WHO has promoted physical distancing and self-isolation as a way to curb the Covid-19 related risks [2]. In Indonesia, the Covid-19 pandemic has been stated in the Presidential Decree No. 12 of 2020 as national disaster. To avoid the wider spread of Covid-19, the Indonesian government is forced to adopt a policy of social and physical distancing. People are told to temporarily stay at home, work from home, studying from home and worshiping at home [3].

Social distancing, self-isolation, and travel restriction has caused the increase in unemployment in almost every sector [4].

Due to the increasing spread of Covid-19 in Indonesia, the government issued a decision through the Minister of Home Affairs Instruction Number 15 of 2021 concerning the Enforcement of Emergency Restriction of Public Activity in the Java and Bali Region stating:

1. All classroom meetings in schools, ranging from kindergarten to higher education, are suspended and instructional activities are carried out online.

2. 100% work from office policy is applied to all offices.

3. 50% workers from essential sectors like finance and banking, capital market, payment system, ICT, and export-oriented industry are allowed to work from office, and 100% workers from critical sectors like hospitals, pharmacies and providers of daily primary needs are permitted to work from office.

4. Shopping centers, malls, and trade centers are closed, but restaurants, supermarkets, and self-service markets are permitted to operate taking account the regulations in the existing dictum.

5. 100% workers from construction sectors are allowed to work in the construction site but are urged to comply with the Covid-19 protocols.

6. Places of worship like mosques, churches, temples, vihara, and other public places functioning as places of worship are temporarily closed.

7. Public facilities like parks, tourist attractions and other public areas are temporarily closed.

8. Arts, culture, sports, and social activities in art and cultural studios, sports facilities, and social activities involving big crowds are temporarily suspended.
9. Public transportation (shared taxis, mass transportation, online taxis) continues to operate with a maximum capacity setting of 70% (seventy percent) [5].

The government is responsible to deal with the Covid-19 related issues [6]. The abovementioned public activity restrictions have direct impacts on the economy. Some companies are closed because raw material supplies are hard to get and their production and marketing do not operate. Workers are either temporarily or permanently laid off. Companies in business-related entrepreneurship integrate public health (health-related issues) into the study of entrepreneurship and consider the effects on business performance [7].

There are 29.12 million people of working age affected by the COVID-19 pandemic and the number of open unemployment has reached 9.77 million people. 24.03 million people are still employed despite experiencing reduced working hours due to COVID-19, 2.56 million people lost their jobs, 1.77 million people were temporarily laid off, and around 760 thousand people were not in the labor force as a result of the pandemic [8].

Public activity restrictions imposed by the Indonesian government to minimize the spread of the Covid-19 have impacts on many sectors including education, health, employment, and economy. As people's purchasing power drastically declines, so does companies’ turnover. Social entrepreneurship is a practical, innovative, and sustainable approach solution for marginalized economic class people to overcome social problems including economic problems.

The poverty rate is increasing from time to time. To reduce the number of poor people, the Indonesian government has launched the what-so-called Bantuan Langsung Tunai (Unconditional Cash Transfer) program. However, the efforts have not been able to significantly reduce the poverty rate [9].

Social entrepreneurship activities can create social and economic value, provide job opportunities for the community, and social capital for the community and provide equity promotion for the community [10]. The COVID-19 pandemic has resulted in a worsening of the economy, but the positive side is that the social piety of the Indonesian people has increased.

Social entrepreneurship activities decline during socioeconomic crises and high uncertainty, such as those caused by Covid-19 [11].

There is a lot of potentials for small businesses to contribute to better rebuilding a more inclusive and greener post-Covid economy, especially if activated by targeted multi-stakeholder support measures [12].

This study aims to determine Social Entrepreneurship as an Effort for Economic Recovery During the Covid-19 Pandemic. This survey study collected data using questionnaires involving Indonesian society in Ciamis, West Java. Community activities from home through the creative economy can be of economic value for many communities, one of which is community economic activists within the scope of social entrepreneurship carried out by the Youth Organization (known as Karang Taruna) in the locus of the study.

2. METHODS

This study was conducted using a survey method. Data were collected using questionnaires. The aim is to obtain information about a number of respondents deemed representative of a particular population [13]. Thus, a survey is a research that takes a sample from one population and uses a questionnaire as the main data collection tool [14]. In general, the unit of analysis in survey research is the individual. Survey research can be used for descriptive purposes. Descriptive research is intended for the careful measurement of certain social phenomena [14]. Indicators include elements of program success consisting of conflict, duration, liking, consistency, energy, timing, and trend. This study was conducted using a descriptive approach. This study operates a variable about social entrepreneurship as an effort to recover the economy during the COVID-19 pandemic with a population of 46,366 people in Baregbeg Subdistrict, Ciamis Regency, West Java, Indonesia [15], from which a sample size of 25 was selected.

3. RESULTS AND DISCUSSION

Based on the results of the study, the studied people in Jelat Village, Baregbeg Subdistrict felt that the Covid-19 pandemic has led to prolonged economic difficulties due to loss of job and lack of income. Thanks to the initiation of the Karang Taruna community mobilizer in the village, supported by the village and subdistrict administrations, several social entrepreneurship units were established in the form of micro-economic businesses and home-based industries. The types of businesses include fishing rods and fishing equipment, home furnishings (mat making) and other home industries such as round tofu and simple snacks. Karang Taruna mobilizes the community by organizing trainings, thanks to which the community has explored its ability to create products that can generate income to cover their daily needs.

Entrepreneurial development is mapped by Bornstein [16] as follows: poverty reduction through empowerment such as the microfinance movement, provision of health services, ranging from small-scale support for the mentally ill to the community scale, education and training such as efforts to widen participation and
democratize knowledge transfer, environmental preservation and sustainable development, community regeneration, welfare projects such as job creation for the unemployed or homeless and projects to tackle alcohol and drug related problems, and campaigns and advocacy such as promotion of fair trade and promotion of human rights.

President Joko Widodo (Jokowi) declared the Coronavirus pandemic (Covid-19) to be a heavy blow to the Indonesian economy. Not only that, the pandemic has also caused world economic growth to slow down [17].

Based on the results of a questionnaire on social entrepreneurship as an effort to recover the economy during the COVID-19 pandemic;

2. Social entrepreneurship can minimize economic difficulties during the COVID-19 pandemic. 78% of respondents who are social entrepreneurs feel helped by Karang Taruna social activists through social entrepreneurship activities. The increasing unemployment rate due to the Covid-19 pandemic has made people start to look at entrepreneurship. Social entrepreneurship is a social-based entrepreneurship aimed at the benefit of the community, not just personal gain. This social entrepreneurship can be done individually or in social organizations and entrepreneurship which means as a person/organization who understands social problems and uses entrepreneurial abilities to make social change. The practice of social entrepreneurship has played an important role in poverty alleviation, wealth creation, welfare improvement, and environmental preservation. Fluctuating economic growth conditions were triggered by many factors, ranging from trade activities, production levels, inflation and several other factors. The Covid-19 pandemic has brought the world into a dire crisis. [18]

3. Social entrepreneurship provides job opportunities for the surrounding community. The results of the questionnaire show that 86% of social entrepreneurship carried out by social business activists through activities provide job opportunities. Initially, before the development of social entrepreneurship activities, the community had difficulty finding work. Now they have jobs to fulfill their daily needs. Social entrepreneurship is a movement with a social mission, which is endeavored by efforts to find opportunities and cultivate them with innovation and a relentless learning process, and is supported by readiness to act even with systemic limited resources. In the context of social entrepreneurship, the intended value is social value. Social entrepreneurship can be a way for someone to make social change. Pandemic has a significant effect on people's lives, both those with civil servant and non-PNS backgrounds and those who live in rural and urban areas, [19].

4. Social entrepreneurship can prosper the community in Baregbeg subdistrict. The results of the questionnaire show that 65% of social entrepreneurship contributes to improving people's welfare. Social entrepreneurship carried out by Karang Taruna in Jelat Village, Baregbeg subdistrict, provides added value for the surrounding community in the form of independent business. The community considers that even though the business is only a small-scale home industry, it provides income to fulfill their daily needs. It is expected that when the pandemic ends, the business will be expanded more widely with increased production and wider market reach. Respondent's income experienced sharp decline between 30%-70% at the beginning of the pandemic while spending tends to permanent. This condition causes respondents to have to deal with family expenses. By In general, there is a decrease in the income level of respondents during the pandemic, however not all respondents make drastic changes in food patterns [20].

4. CONCLUSIONS

The results showed that; Social entrepreneurship can minimize economic difficulties during the COVID-19 pandemic. Social entrepreneurship provides job opportunities for the surrounding community and improves the welfare of the community so that it contributes added value to the surrounding community in the form of independent business creativity.

REFERENCES


Development of a Local Wisdom-Based Creative Economy

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ABSTRACT

This study is aimed at describing the development of a local wisdom-based creative economy. Recently in Indonesia, the creative economy has been increasingly popular and touted as a national program. A creative economy is characterized by the use of intellectual property to generate income, provide employment, and improve welfare. The creative economy relies on the creative industry sector which is driven by creators and innovators with their creations and innovations. The creative economy industry is a symbol of the existence of the Indonesian nation in various economic cooperation between countries. The value of local wisdom based on tradition and culture, intellectual property, and the nation's cultural heritage is a source of inspiration to be able to produce various innovative, value-added, and highly competitive products. This study was conducted using a descriptive qualitative approach. Data were collected through observation, interviews, and documentation of the studied objects. The results of descriptive analysis showed that the development of a local wisdom-based creative economy can take place within the scale of the household creative industry as the smallest base, involves community participation in household business groups, and helps increase people's income through small and medium business groups.

Keywords: Creative Economy, Local Wisdom.

1. INTRODUCTION

The creative economy emerged in the early 21st Century. The term is derived from the concept of creativity-based capital that can potentially increase economic growth in a certain area. The creative economy is defined as an embodiment of added value from authentic ideas that come up with human intellectual creativity, science, skills, cultural heritage, and technology [1] [2]. According to Yudhoyono in Purnomo [3], the creative economy is the 4th economic wave that is oriented towards cultural creativity, cultural heritage, and environments. In the history of economic development, the economic wave has always experienced a shift in orientation, starting from the change from the agricultural era to the industrialization era, then to the information age which was preceded by various discoveries in the field of information technology. This orientation shift ultimately brings about a new civilization and rapid progress.

According to John Howkins [4], a creative economy is an economic activity that lays creativity, cultural heritage, and the environment as the foundation of the future. The creative economy is a concept to realize sustainable economic development based on creativity. Creative economy products are distinctive and unique. Creative economy products can also be developed from existing products [5]. Hasanah said [6], “Creative Economy is a concept in a new era that intensifies information and creativity by relying on ideas and knowledge from human resources as the main production factor.” The creative industry relies on talents, skills, and creativity which are the basic elements of every individual [7].
According to Rakib, Yunus, and Amin [8], the main elements of the creative industry are creativity, expertise, and talents that can potentially increase welfare through intellectual creations. The Ministry of Tourism and Creative Economy of the Republic of Indonesia [9] explained that the creative economy is an idea-based creation of economic, social, cultural, and environmental added value derived from the creativity of human resources and based on the use of science, including cultural heritage and technology.

The development of the creative economy basically has a relationship with the values of local wisdom of certain communities in a certain area. In this case, local wisdom is defined as one form of effort to preserve local culture.

Culture is also defined as everything that is made by humans based on their thoughts and reasons. Culture is passed down from one generation to the next regarding the habits and customs of the community. However, these values are usually only attached to people who still uphold their customs and culture, [10].

The discourse of local wisdom receives more serious attention when there is a tendency for moral values to slacken as a result of advances in science and technology and the accompanying cultural changes. This reality also leads to people being aware of how fragile and transient our world is, an acknowledgment of the limits to which this earth will tolerate human intervention [11]. Quaritch Wales input forward local wisdom as “the sum of the cultural characteristic which the vast majority of a people have in common as a result of their experiences in early life.” The main ideas contained in the definition are (1) the characters of culture, (2) the group of cultural owners, and (3) the life experience born of the cultural characters.

Local wisdom refers to various cultural treasures that grow and develop in society and are believed and recognized as important elements that can strengthen social cohesion in the community. Local wisdom aims to improve welfare and promote peace [12]. Local wisdom is derived from cultural products of the community to which they belong such as value systems, beliefs and religion, work ethic, and even how the dynamics take place. Therefore, with reference to the values of local wisdom of certain communities, the development of the creative economy can be carried out ideally.

Creative economy comes from two words economic and creative. The term economics comes from the Greek koikonomia. The word is a derivative of the two words oikos and nomos. Oikos means household, while nomos means to rule. So the original meaning of oikonomia is to manage the household. Then the original meaning developed into a new meaning, in line with the development of economics into a science. Now as a science, economics means knowledge that is arranged in a coherent way in order to manage the household. Household here is not a narrow meaning but refers to a social group that can be considered as a household. These social groups take the form of companies, cities, and even countries [13].

The creative economy is essentially an economic activity that prioritizes creative thinking to create something new and different that has value and is commercial in nature [14]. The characteristics of the creative economy are:

a. Having the main factors in the form of inspiration, abilities, and talents that can develop peace through the promotion of intellectual creations.

b. Consists of supplying creative products directly to consumers and supporting creative value makers in other parts that are indirectly related to consumers.

c. Short life cycle, high profit, high diversity, high rivalry, and easy to imitate.

d. Fundamental to the concept.

e. Unlimited improvement in various business fields.

f. The idea or ideas created are relative.

Local Wisdom or often called Local Wisdom is all forms of knowledge, belief, understanding, or insight as well as customs or ethics that guide human behavior in life in ecological communities [15]. Meanwhile, according to Gobyah [16], local wisdom is defined as the truth that has become a tradition or is permanent in an area.

From these two definitions, local wisdom can be interpreted as a value that is considered good and right that goes from generation to generation and is implemented by the community concerned as a result of the interaction between humans and their environment.

The forms of local wisdom in society can be in the form of values, norms, ethics, beliefs, customs, customary law, and special rules. Substantially, local wisdom can be in the form of rules regarding:

a. Institutional and social sanctions;

b. Provisions on the use of space and the estimated season for farming;

c. Preservation and protection of sensitive areas;

d. A form of adaptation and mitigation of housing to climate, disasters, or other threats.

2. METHODS

This study was conducted using a descriptive qualitative approach. According to Creswell [17], qualitative research explores and understands the meaning in a number of individuals or groups of people
originating in terms of social relations. Qualitative research, in general, can be used for research on people's lives, history, behavior, concepts or phenomena, social problems, and others. Data were collected through observation, interviews, and documentation of the object of research. The data analysis was performed descriptively.

3. RESULTS AND DISCUSSION

Indonesia as a culturally rich country has great potential to develop the nation’s economy through creative economic activities based on the values of local wisdom. Physical culture and customs can be used as an economic resource that can generate added value for the community in a particular region. The uniqueness of various traditions spread throughout the archipelago, if managed properly, of course, will be able to encourage an attractive tourism sector.

Kartasasmita quoted in Andriyani, Martono, and Muhamad [18] said that “community empowerment is an effort to increase the dignity of all people who in their current condition are unable to escape poverty and underdevelopment.” The main concept of empowerment is how to provide broad opportunities for the community to self-determine their life [19].

In Indonesia, there are 16 creative economic sectors, eight of which can be developed with local wisdom values, namely:

1) Craft Industry
2) Culinary Industry
3) Art Goods Industry
4) Fashion Industry
5) Interactive Industry (traditional games)
6) Music Industry
7) Performing Arts Industry
8) Architectural Industry

These eight economic sub-sectors are closely related to the cultural values of the community so that the development of the creative economy can be carried out and part of economic literacy [20].

The creative economy industry can be applied in various forms, one of which is by developing MSMEs from the smallest unit such as family businesses. Small businesses have an important role in the economic growth of a country. Zuhri [21] explains that the home industry is a home business for goods or small companies. Planning and classification of community businesses must be based on the cultural potentials so that the products demonstrate distinctiveness and uniqueness.

Based on the results of observations and interviews with owners of small and medium businesses engaged in various fields of the creative industry above, information was obtained that community participation in developing MSMEs has increased, especially for stay-at-home mothers who initially had no income. The increasing number of small and medium enterprises in the community has in turn been able to make a real contribution to the improvement of the community’s welfare. For example, a business in the culinary field of a particular region becomes an attractive alternative business choice. The demand for culinary today is not only a primary need but also a fulfillment of an increasingly diverse lifestyle.

4. CONCLUSIONS

Based on the results of the study, it can be concluded that:

1. The development of a local wisdom-based creative economy plays an important role in increasing the economic growth of the community.
2. Products generated through the use of community skills and talents have an impact on the improvement of community income, especially for stay-at-home mothers.
3. Increased community participation in advancing the creative economy sector from small to medium levels, in turn, has been able to provide added value which has implications for increasing the welfare of families and communities.

REFERENCES


Juridical Review of Trade Secrets of the Traditional Food Burayot

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ABSTRACT
This research intends to protect the protection of trade secrets for protection and home industry businesses such as traditional Burayot food in Garut Regency so that this will maintain the protection of Burayot as a local Garut product that can help maintain local and national and international economic progress. Based on the provisions in Article 3 Verse 1 of Law of Republic of Indonesia No. 30 of 2000, it takes three conditions for a trade secret to obtain legal protection; namely, the information is secret in nature, it is of commercial value, and its secrecy is strictly safeguarded through appropriate measures. Thus, looking at the criteria above, traditional local food burayot is entitled to legal protection for trade secrets.

Keywords: Legal Protection, Trade Secrets, Burayot.

1. INTRODUCTION
As a developing country, Indonesia needs to strive for tough competition in the business world. This is in line with global conditions in trade and investment. Such competitiveness has long been recognized in the Intellectual Property Rights system, one of which is trade secrets. In Indonesia, the issue of confidentiality is regulated in several separate rules that do not yet constitute a unified system of rules. The need for legal protection of trade secrets is also in accordance with one of the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement) which is an appendix to for the Establishment of the World Trade Organization, as ratified by Indonesia with Law of Republic of Indonesia Number 7 of 1994 [1]. Such protection will encourage the birth of new findings or inventions which, even though they are treated as confidential, still receive legal protection, both in terms of ownership, control, and utilization by the inventors.

The discovery of trade secrets can be passed down from generation to generation, as is the case with business products in the traditional food sector such as burayot in Garut, West Java. The production of burayot is claimed to have been going on since the era of saribu tilu sen sajiwa, during the independence era where President Soekarno at that time distributed the money to the people of Indonesia. At that time burayot was always there to serve at celebratory occasions such as weddings or circumcisions. The competition in marketing burayot is the same as marketing other food products because it is sold in public places such as in food shops around Garut. The question is if this Garutian local food is entitled to legal protection when associated with trade secrets regulation stated in Law of Republic of Indonesia No. 30 of 2000. The taste is different and the presentation is sure to attract tourists [2]. With the invasion of super modern foods and the proliferation of franchise business systems such as McDonald's, Turkish kebabs, and so on, the competition is increasingly fierce between traditional local foods.

Home industry companies producing traditional foods such as burayot need a strategy to win the competition. Burayot is a traditional Sundanese food originating from Garut, West Java. This traditional food can be found in several sub-districts in Garut, such as...
Leles, Kadungora, and Wanajara. The word “burayot” itself is taken from the Sundanese language which in Indonesian means “hanging” [3]. Many things can be done to win the competition. Business competition has both positive and negative sides. On the positive side, companies and/or entrepreneurs will improve the quality of their products, but on the negative side, there are not a few who use unhealthy methods and even break the law to win the competition.

Based on the above description, some questions arise: can local food like burayot obtain legal protection for trade secrets? Does it violate the trade secret provisions when one uses the same formula or trade recipe for the same products with different names?

2. METHODS

This study was conducted using a normative juridical approach, aiming to discover the principles of positive law and positive legal doctrines, usually called dogmatic legal research. The procedures begin with premises in the form of existing positive law and end with the discovery of legal principles [2] by connecting the existing statutory rules as positive legal norms. Data collection techniques included documentary study (library research), interviews, and surveys.

3. RESULTS AND DISCUSSION

a. Understanding Trade Secrets

According to Law of Republic of Indonesia No. 30 of 2000 on Trade Secrets Article 1 Verse 1, trade secret shall be the information that is not identified by the public on technology and/or business which has economic value, because it is useful for business activities and whose secrecy is safeguarded by the owner of the trade secret.

The elements of a trade secret consist of [3]:

1) Information secrecy.

The information is considered secret if it is a concept, idea, or information that is identified by certain parties only and it is not identified by the general public [4].

2) The information is not identified by the general public.

Law of Republic of Indonesia No. 30 of 2000 provides delimitations regarding the notion of not being identified by the public in Article 3 Verse 2 as follows: The information is considered if it is a concept, idea, or information that is identified by certain parties only and it is not identified by the general public. The secrecy is permanent and covers the process including system, procedures, formula, and processing tools, but not the product per se.

3) The information is within the scope of technology or business

Law of Republic of Indonesia No. 30 of 2000 Article 2 mentions:

The scope of the trade secret covers methods of production, processing, sale, or other information in the area of technology and/or business that have economic value and are not identified by the general public.

Technology in this context refers to product processing, and business refers to processing methods, sales, distributions, goods, or other information considered unique and of economic value.

4) The information is of economic value

Law of Republic of Indonesia No. 30 of 2000 Article 3 Verse 2 mentions:

The information is deemed of economic value if the nature of secrecy of the information can be used to carry out commercial activities or business or can economically increase profits.

What can be inferred from this is that commercial activities can be useful and beneficial if the information is widely disseminated, not restricted. It is said to have economic value if the profits obtained from the trade secret are higher than production costs and other related costs. Any information about commercial production impropriety may also be of economic value to the owner and therefore can also be categorized as a trade secret [4].

5) The information secrecy is strictly safeguarded by the owner.

Article 3 Verse 4 of Law of Republic of Indonesia No. 30 of 2000 defines that the secrecy of the information is considered having been safeguarded if the owner or the parties who control it have taken proper and reasonable steps, both internally and externally in order for the information cannot easily be accessed by unauthorized parties. The trade secret holders are fully responsible for the secrecy of the information. This means that the trade secret holders are responsible for proving whether there are efforts to safeguard trade. According to the encyclopedia [5], a trade secret is a piece of information that is not identified by the public in the area of technology and/or business that has economic value because it is useful in business activities, and is kept confidential by the owner of the trade secret.

b. Legal Protection of Trade Secret

The rationale for trade secret information under the TRIPs agreement is to guarantee the party making the investment to develop concepts, ideas, and information of commercial value and to benefit from the investment by obtaining the exclusive right to use the concept of
information, as well as to prevent other parties from using or disclosing the information without permission [6].

Intellectual property rights (IPR) protection was originally a form of protection provided by the state for the ideas or works of its citizens and therefore intellectual property rights are basically state territory [7]. Without the protection of IPR, business communities in developed countries feel insecure in carrying out their activities, especially when dealing with people from developing countries. The Omnibus Act Special 301 imposed by the United States is a classic example frequently mentioned. Furthermore, because the existence of WIPO is considered unsuccessful in disseminating and imposing a uniform law or regulation on IPR for countries in the world, assuming that WTO-GATT will succeed, TRIPs are included in the WTO-GATT.

By taking part in the Agreement for the Establishment of the World Trade Organization as part of the agreement to participate in the WTO-GATT-TRIPs, by adopting and enacting Law no. 7 of 1994 concerning Ratification of the Agreement for the Establishment of the World Trade Organization, Indonesia is obliged to make and enforce legal provisions regarding intellectual property rights that are in line with the provisions stipulated in the WTO-GATT-TRIPs. Protection of trade secrets is then regulated in Trade-Related Aspects of Intellectual Property Rights or abbreviated as TRIPS [8]. The scope of the trade secret covers methods of production, processing, sale, or other information in the area of technology and/or business that have economic value and are not identified by the general public [6].

The subject matter object that is in the legal spotlight regarding this confidence is information, be it technical, commercial, personal information, or other information that is closely related to the owner, whether personal, individual, or corporate [5]. Based on the provisions in Article 3 Verse 1 of Law of Republic of Indonesia No. 30 of 2000, it takes three conditions for a trade secret to obtain legal protection; namely [9]:

1) The information is secret in nature.
2) The information is of commercial value, used to develop business activities or to increase economic profits.
3) The information secrecy is strictly safeguarded by the owner through appropriate measures.

Article 39 Verse (1) TRIPs regulates the aim of ensuring the effectiveness of the implementation of legal protection against unfair business competition, which is regulated in Article 10 bis of the Paris Convention (1967). To ensure the implementation of protection against unfair business competition, WTO members are required to provide protection for such confidential information and for data submitted to the government or government agencies [10]. Gunawan Widjaya [8] explained that Article 39 Verse (2) of TRIPs regulates the rights for individuals and entities to the protection of information that is in themselves, which is not disclosed by them which is obtained or used by other parties illegally or dishonestly without their consent according to the law, in a manner that is contrary to honest business practices as long as:

1) The information is secret in nature, meaning that the information cannot be easily identified or obtained by public
2) The information has commercial value for its secrecy.
3) Proper measures have been taken to protect the information from disclosure.

Law of the Republic of Indonesia No. 30 of 2000 does not regulate the relationship between employees and employers or business owners who are also the holder of the right to trade secrets regarding the obligation to maintain the trade secrets of the company where they work, nor do labor laws and regulations, Law of the Republic of Indonesia no. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition (Anti-monopoly Law) and the Civil Code (KUHP/Perdata) and the Criminal Code (KUHP).

A work agreement is an agreement to perform work as referred to in Article 1601 of the Civil Code. One important part of this employment agreement is if there is an agreement between the worker and the employer to maintain the confidentiality of company information. Agreements between employers and workers that create an obligation for workers to maintain the confidentiality of the company information where they work (trade secrets of the company) do not conflict with applicable laws and regulations and can be carried out by employers in order to protect valuable information.

The problem with burayot’s trade secrets is that there is no work agreement between employees and the owner of the trade secret. Because everything is done on the basis of mutual trust from both parties, where employees believe in what they will receive in the form of wages from the owner. Meanwhile, the owner trusts his employees with no prejudice or presumption whatsoever for the leakage of his trade secrets. The element of confidentiality in this trade secret causes the trade secret to have no time limit for protection. The most important thing is that as long as the owner of the trade secret continues to make efforts to maintain the confidentiality of the information, this information is still under the protection of the trade secret [11].
Law of the Republic of Indonesia No. 30 of 2000 mentions that the scope of the Trade Secret covers methods of production, processing, sale, or other information in the area of technology and/or business that have economic value and are not identified by the general public. Information in trade secrets is divided into information in the area of technology and information in the area of business. What is included in information technology are:

a. Information about research and development of a technology
b. Information about production or process
c. Information on quality control

And what is included in the information in the area of business are:

a. Information about product sale and marketing
b. Information about customers
c. Information about finance
d. Information about administration

Information contained in advertisements, brochures, operating manuals, provided to the public is no longer categorized as information regulated in trade secrets [12].

c. Trade Secret Rights and Trade Secret Transfer

The owner of the trade secret is free to use and exploit the trade secret or prevent other parties from using it. However, as with other types of intellectual property rights, the owner may also grant a license to another party to use the trade secret for a certain period of time through a license agreement. The license agreement creates an obligation for the licensee to maintain confidentiality. Article 4 of the Law of the Republic of Indonesia No. 30 of 2000 mentions that the owner of the trade secret has the right to prohibit other parties from using the trade secret or revealing the trade secret to any third party for commercial interests.

Trade secret rights may be transferred to other parties as regulated in Article 5 Verse (1) of the Law of the Republic of Indonesia No. 30 of 2000; namely, through:

1) inheritance,
2) grant,
3) testament,
4) a written agreement, or
5) other causes which are justified by laws.

The owner of a trade secret is the inventor or originator of the confidential information, which is called a trade secret. The holder of the trade secret is the owner of the trade secret and the parties who obtain further rights from the owner of the trade secret. In practice, the obligation to maintain confidentiality exists because of the legal relationship between one party and another, one of which is the relationship between employers and employees. Most cases of trade secret breaches involve an employee who has used information obtained from his employer’s workplace during or after the end of the employment period.

Legal protection of trade secrets by the state is due to a civil relationship between the owner of the trade secret and further recipients of trade secret rights in the form of a trade secret license with third parties who are not entitled to take (legal) actions that commercially utilize the trade secret, including those who provide trade secret information incorrectly and who obtain it illegally. Law of the Republic of Indonesia No. 30 of 2000 Article 13 reads that a trade secret violation also occurs if a person purposely discloses a trade secret, disavows the agreement, or disavows written or unwritten obligations to safeguard the relevant trade secret. Further Article 14 mentions that a person is considered to have violated the trade secret of another party if the person in question obtains or controls the trade secret in a way that is contrary to the applicable laws and regulations.

Although it is not expressly stated that the misuse of a trade secret must result in harm to the owner, it is implied that if the trade secret has a commercial value, losses will be experienced if the trade secret is misused.

Basically, the trade secret law is not violated if the disclosure or use of the trade secret is in the interest of security, health, or public safety. In accordance with the provisions of Article 11 of the Law of the Republic of Indonesia No. 30 of 2000, if someone violates the rights of the owner of a trade secret as referred to in Article 4 of the Law of the Republic of Indonesia no. 30 of 2000, the owner of a trade secret can file a lawsuit to the Public Court in the form of:

1) lawsuit on compensation and
2) stopping all acts

Article 17 Verse (2) of the Law of the Republic of Indonesia No. 30 of 2000 states that the criminal act of violating trade secrets is a complaint offense. This means that the process of a new criminal case warrants a complaint from the aggrieved party. This still reflects the civil nature of the interests of the aggrieved party, which in this case is the trade owner or trade secret holder. This provision is clearly different from those stipulated in the Economic Espionage Act-USA, where the government plays an important role in the protection of intellectual property rights [13].

Article 3 Verse (2) of the Law of the Republic of Indonesia No. 30 of 2000 says that what is secret is permanent. Therefore, this trade secret can only cover
system, procedure, formula, and processing tools, not a product. If someone, either a former employee or another party, uses the same system, procedure, and formula as the process of making burayot, but the processing tools and the resulting products are different, for example in the case of making ali agrem, it is considered an act of violating trade secrets.

4. CONCLUSIONS

Legal protection for trade secrets can only be done if it meets the conditions specified in Article 3 Paragraph (1) of the Law of the Republic of Indonesia No. 30 of 2000 concerning Trade Secrets, namely; first, the information must be confidential, cannot be identified by the general public. Second, the information shall be of commercial value; i.e., its secrecy can be used to develop business activities or to increase economic profits. Third, the owner of the information must have taken appropriate measures to protect the confidential nature of the information.

REFERENCES

E-Commerce Knowledge in the Digital Era on Students’ Entrepreneurial Interest

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ABSTRACT
This study aims to investigate the entrepreneurial interest of the Social Sciences students from Institut Pendidikan Indonesia after studying the concept of E-Commerce in the digital era during the Entrepreneurship course. To achieve the objective, the study utilized descriptive quantitative approach through which the independent variable was investigated without making any comparisons with other variables. The study selected the students of Social Science Education as the population of the study from which 53 students were drawn as the sample. The results showed that the Entrepreneurship course and understanding of e-commerce have a positive and significant effect on the students’ entrepreneurial interest.

Keywords: Social Entrepreneurship, Economy, Covid-19 Pandemic.

1. INTRODUCTION

The development of information and technology which becomes more sophisticated by days affects the global business including the electronic trading or e-commerce. There are many e-commerce platforms available internationally and locally. On the international level, for instance, there are Amazon, eBay, Rakuten, Alibaba, and JD.com, while on the local, there are Bukalapak, Tokopedia, Shopee, and Lazada.

Internet is the most important technology that can provide people with the information as a medium of communication. People have easy access to the information and communication because there are internet facilities [1]. Currently, people’s communication and activities are facilitated by important communication tools namely smartphones and social media. To a great extent, people use these media for e-commerce or business purposes [2].

The continuing growth of the electronic system (e-commerce) gives new experiences to the entrepreneurs today by which they are provided with fast, precise and accurate information about businesses. E-commerce to a great extent helps many business people in making purchases, sales, online marketing, distribution and services [3].

The development of e-commerce in Indonesia is growing rapidly. In the fourth quarter of 2020, it experienced an increase of 36% from the previous quarter. This is proportional to the number of transactions which increased by 53% from the third quarter, reaching more than 750 thousand transactions occurring in various marketplaces in the last three months. The largest number of transactions took place at the health and beauty product category which increased of more than 80%, and the sales value was more than 60% compared to the previous quarter. A significant increase also occurred in the electronic product category, which recorded a 31% increase in the number of transactions in the fourth quarter, and a 35% increase in sales value compared to the previous quarter. The sales for Mom and Baby products also increased by 31% with sales value increasing by more than 25%. An increase in the number of transactions was also experienced by children’s toys and pet food products, each of which increased by more than 50% compared to the previous quarter.
The pandemic condition that has yet improved since early 2021 encourages e-commerce use to expand this year. This is in line with Statista in the Digital Market Outlook report stating that e-commerce users in Indonesia are predicted to grow 15% this year from a total of 138 million users in 2020 to 159 million users in 2021. Meanwhile, the industry's revenue is predicted to increase by 26% reaching US$ 38 million, from US$ 30 million in 2020 [4].

E-Commerce is the process of buying and selling services or products between two parties via the internet (Commerce-net). It is a type of electronic business mechanism with a focus on individual-based business transactions using the internet as a medium of exchanging goods or services between agencies or individuals with agencies (NetReady), [5]. It is often a website that can be accessed to serve online sales transactions so as to increase product sales [6].

Entrepreneurship is an individual activity to develop and build a business with a new concept or idea [7]. Entrepreneurship education is a process of forming and instilling knowledge, skills, attitudes, and abilities to an entrepreneur through training, mentoring, or practical experience [8].

Entrepreneurship course in each university is set up as independent course or compulsory course whose objective is to increase the competitive value of the targeted materials. It is designed and carried out to make students have the required skills and new entrepreneurial interests to create business opportunities either for themselves or their environment [9]. The way to foster entrepreneurial motivation today is through the development of social capital online [10].

In reality, there are three conditions that are likely to happen to college students upon completing their studies. First, they become a civil servant or an employee of a private company. Second, they may end up being unemployed due to fierce competition among graduates or decreasing job opportunities that match their educational background. Third, they open their own business (entrepreneurship). Mery (2014) in [11] states that "Entrepreneurship activities are believed to be a tool to boost economic growth and to solve other economic problems such as unemployment". That entrepreneurship or building one own business is an effort that can be done to reduce unemployment [12]. Similarly, Ven Sriram and Tigineh [13] state that "Entrepreneurship is lauded as an engine of economic development and job creation". Then that many countries got multi advantages from entrepreneurship. In addition to economic benefits, other advantages are also enjoyed by the public in terms of standard of living, social responsibility, and strengthening the industry [14]. Therefore, Alma [15] explains that the more advanced a country, the more educated people and the more there is a need for entrepreneurship. From this, it is clear that the students should have knowledge and motivation for entrepreneurship to minimize unemployment among fresh graduates [16].

The entrepreneurial motivation of the Social Science students at Institut Pendidikan Indonesia is actually there. It is apparent in their active and enthusiastic participation when they were assigned to do an actual practice of using e-commerce as a part of the course activities. Every student was required by the lecturer to create five accounts to market the creative products which can be their own products or others on the currently trending e-commerce platforms such as Bukalapak, Shopee, Tokopedia, Lazada, and Blibli. The results which were documented in the links and screenshots turned out to be unexpected. Some students were already familiar with online sales. In fact, some other students were able to achieve high sales. One of the assessment criteria of the lecturer was the students' presentations reporting their marketing experience on five e-commerce platforms and the level of sales. The purpose of this research is to determine the level of student interest in e-commerce in the digital era.

2. METHODS

The study utilized a descriptive method with a quantitative approach. According to Sugiyono [17], descriptive research is conducted to determine the value of independent variables, either one or more (independent) variables without making comparisons to or connection with other variables. This study used a quantitative approach since the data obtained consist of numbers that allow statistical analysis techniques to be used. The study was carried out to the class of 2019 majoring in Social Science Education from April to May 2020. To be specific, the study was conducted on a total of 53 students who served as the sample of the study and have been selected by using the probability sampling technique. The students who were chosen were the ones that are active and have taken entrepreneurship courses in the previous semester.

3. RESULTS AND DISCUSSION

Based on the results of the study, it can be discussed as follows:

1. E-Commerce knowledge in the digital era on the students’ entrepreneurial interest.

The results of the hypothesis testing showed that e-commerce has a positive and significant effect on the entrepreneurial interest of Social Science Education students (0.004 <0.05 as the limit value). Furthermore, the simple linear regression equation is $Y=2.678+0.385X$, meaning that; a) the constant value of 2.678 indicates the students’ relatively low interest in entrepreneurship if the e-commerce variable in the digital
era does not exist, b) the regression coefficient of the e-commerce variable is 0.358 meaning that if the e-commerce variable increases by one unit, then the students' interest in entrepreneurship increases by 0.385.

Entrepreneurship can be initiated and developed from many factors. One of these factors is learning. Through entrepreneurial learning, it is hoped that it can generate interest and increase students' curiosity about entrepreneurship so that it will form an entrepreneurial attitude in order to create new entrepreneurs [18].

The purpose of entrepreneurship learning should be able to provide provisions for students through 3 dimensions, namely aspects of managerial skills, production technical skills and personality developmental skills (aspects of managerial skills, production engineering expertise and personality development skills).

Research results of Yulianti (2013) show that entrepreneurial learning and motivation have a positive effect on interest in entrepreneurship [19]. In addition, this study also supports research from Nur Aryani Fathonah which states that Entrepreneurship Learning has a positive influence on students' Interest in Entrepreneurship [20].

2. Entrepreneurship course and e-commerce knowledge on the students’ entrepreneurial interests

Based on the results of the research, it was found that entrepreneurship course and e-commerce knowledge in the digital era have a positive and significant impact on the students' interest in entrepreneurship. It was evident in the value of $r = 0.003$ which was lower than (<) 0.05 as the tolerance limit. Furthermore, the linear regression equation is: $Y = 0.148 + 0.784X + 0.510, Z = 0.118XZ$. The results mean that: a) the constant value is 0.148 indicating that if the entrepreneurship interest of the students is very low 0.148, b) the regression coefficient of e-commerce is 0.784, meaning that if the e-commerce variable increased by 1 unit, then the entrepreneurial interest of the students increased by 0.784 or equal to 78.4% which mean strong influence, c) the coefficient of determination on the entrepreneurship course is 0.510, which means that entrepreneurship course positively and significantly strengthens the influence of e-commerce knowledge on the students’ entrepreneurial interest by 51%, d) the regression coefficient of e-commerce and entrepreneurship course is 0.118 indicating that if the e-commerce is included in entrepreneurship education, it can further increase the students’ entrepreneurship interest for 0.118 or equivalent to 11.8%. Furthermore, the simultaneous influence of e-commerce knowledge in the digital era which is strengthened by entrepreneurship course has a positive and significant effect on the students’ entrepreneurial interest (0.000 < 0.05). The simultaneous correlation with $R^2$ is 0.182, meaning that the contribution of e-commerce knowledge in the digital era and entrepreneurship course is around 18.2%, while the remaining 81.8% is influenced by other factors.

According that, "Entrepreneurial interest is the desire, interest, and willingness to work hard or be strong-willed to try maximally to fulfill his life needs without feeling afraid of the risks that will occur [21]. Indicators of interest in Entrepreneurship is as follows: Interest in entrepreneurship, Willingness to be involved in entrepreneurial activities, Seeing opportunities for entrepreneurship, Utilizing potential for entrepreneurship, Courage in facing risks, and strong will to learn from failure. Courage in facing challenges, Feeling happy about entrepreneurial activities, Desire to realize ideals in entrepreneurship. E-commerce has become a basic need new commodities in the digital age and a dynamic technological bussiness device by electronic transactions [21]. E-commerce can provide motivation for students to cultivate an entrepreneurial spirit as part of their social capital [22]. Thus, e-commerce is an important skill that must be possessed by today's students.

4. CONCLUSIONS

Based on the results of the study, it can be concluded that: 1) The understanding of e-commerce in the digital era has a positive and significant impact on the students’ entrepreneurial interest. 2) Entrepreneurship course and e-commerce in the digital era affect the students’ entrepreneurial interest

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ABSTRACT
This study aims to see how liquidity ratios and profitability ratios can predict the likelihood of financial distress and which ones have the most influence. This study took 7 (seven) ratios included in the category of liquidity ratios and profitability ratios. The object of this research was carried out in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019 with a sample size of 107. This study uses logit regression because financial ratios do not have to be normal if used and logit can predict the percentage of accuracy. The results showed that the ratio of working capital to total assets and the ratio of net income to equity dominated the contribution in determining financial distress with the overall accuracy percentage being 88.9%.

Keywords: Financial Distress, Liquidity Ratio, Profitability Ratio.

1. INTRODUCTION

One of the company’s goals is healthy finances, so bankruptcy is something to be feared. The company does not immediately go into bankruptcy but begins with an indication of financial health. Companies that will experience bankruptcy first experience financial difficulties, known as financial distress. Financial distress is a condition that shows the stage of decline in the company's financial condition that occurred before bankruptcy or liquidation [1].

Financial difficulties occur due to a series of mistakes in making inappropriate decisions and weaknesses that are interconnected for a long time so that they contribute directly or indirectly to the company's management. There are various ways empirical studies define financial distress when the net cash out-flow is negative [2], formal (legal) bankruptcy notification in debt payments [3], negative operating net income [4], Earning per Share [5], the company's cash flow projection cannot fulfill its obligations [6], negative net income [7].

The importance of predicting financial distress has been the concern of researchers since the 1960s which was raised by [8] with a univariate model with a prediction rate of 90%, then [9] with a multivariate model using financial ratios to predict bankruptcy with very accurate results in classifying 95% of the total sample correctly one-year before failure, then research by [10] using logit.

Using financial ratios in predicting financial distress continues to grow. Financial ratios serve as the fundamental basis for evaluating a company's financial capabilities and provide useful information for predicting the firm likelihood of default [11]. Reference [12] study on companies in China found that financial indicators such as net profit margins of total assets, return on total assets, earnings per share, and cash flow per share, play an important role in the prediction of a decline in profitability. Reference [13] stated that financial variables provide important information in predicting financial difficulties. Reference [14] stated that profitability and liquidity ratios are very good predictors.

This study also aims to explore how financial ratios, especially liquidity ratios and profitability ratios, are predictors of financial distress in manufacturing companies listed in Indonesia. Manufacturing companies
constitute the majority of companies on Indonesian listed (IDX), they play an important role in economic growth. It is interesting to find the main ratios that can discriminate between distressed and non-distressed. The liquidity ratio and profitability ratio are selected such that they maximize the prediction accuracy of financial distress. Moreover, since the inquiry of higher accuracy has been a driving force in steering research towards financial distress prediction, the method the predictive accuracy, namely the Logit was used in this study. Investigating financial distress can be used as a warning signal, providing a basis for making better decisions before it is too late.

1.1. Literature Review and Hypothesis

1.1.1. Financial Distress

Predicting the company’s financial distress is important to get the early signs of bankruptcy as part of an early warning system for management. Management can anticipate and improve company performance early on. Companies experiencing financial difficulties will experience liquidity difficulties to meet their financial obligations. If this continues, it will lead to the bankruptcy of the company.

Various researchers have defined financial distress. When the company’s cash inflows are lower than cash outflows, it reinforces the condition of financial distress [2]. The company’s profitability declines thereby increasing the possibility of the company’s inability to pay principal and interest on debt [15]. Financial distress is a condition in which a firm has insufficient earnings to pay its financial obligations [16]. Financial distress is a situation where the company’s operating cash flow is insufficient to meet current obligations (such as trade credit or interest expense) and the company is forced to take corrective action [17].

Empirical studies have shown the characteristic firm in financial distress, such as interest coverage ratio [18], Earning per Share [5], a company’s stock price (Bose, 2006), insufficient cash flow [17], insufficient operating profitability, net income [7]. In this study, the company’s financial distress is reflected in the net income condition as mentioned by [7].

If the financial distress situation is not immediately addressed, it will cause the company to go bankrupt, so predictions need to be made. To predict financial distress, various methods are used. Reference [8] used the application of statistical techniques to bankruptcy prediction, with the univariate analysis. Reference [9] tried to develop a multivariate method to achieve 90% accuracy and later became known as the Altman Z-Score. Another well-known method is the S-Score by [19] using the multiple discriminant analysis (MDA) method. Then research [20] and [10] using logit.

1.1.2. Financial Distress Predictors

The study of corporate financial distress became famous in the 1960s when [8] and [9] used financial ratios to predict bankruptcy. Since then, academics and researchers around the world have experimented with various ratios to identify the most important variables predicting bankruptcy and the most effective methods for identifying these variables. Financial ratios were found to be most useful in predicting distress and bankruptcy.

The financial ratios are chosen based on their popularity and significance in the previous studies. Profitability and liquidity ratios are very good predictors [14, 21]. This study also focused on liquidity and profitability ratios as predictors of financial distress.

Liquidity is a reflection of the company's ability to immediately settle the company's short-term obligations. Reference [1] have shown that the liquidity ratio is an important predictor of financial distress. Five ratios indicating company's liquidity ratio are used; the ratio of current assets to current liabilities, the ratio of a current asset to total asset, the ratio of a current asset to total liabilities, the ratio of networking capital to total asset, and the ratio of networking capital to sales (refer table 2). This study expected that all liquidity ratios have a negative effect on financial distress.

Profitability is a reflection of the company's performance which represents the company's ability to fulfill its obligations and play an important role in the company. In this study, two profitability ratios are chosen, namely Return on Equity and the ratio of profit to networking capital [11]. Variables were selected based on some literature surveys on the ability of a ratio to indicate financial distress predictor. This study expected that the profitability ratio has a negative effect on financial distress. Variables selected are based on some literature surveys on the ability of ratio to indicate financial distress predictor.

1.1.3. Hypothesis

Referring to the literature on financial distress, the hypotheses composed in this study are as follows:

H0 1: Current assets to current liabilities are related to financial distress.

H0 2: Current asset to total asset is related to financial distress.

H0 3: Current asset to total liabilities is related to financial distress.

H0 4: Networking capital to the total asset is related to financial distress.

H0 5: Networking capital to sales is related to financial distress.
H0 6: Return on Equity is related to financial distress. H0 7: Net Income to networking capital is related to financial distress.

2. METHODS

2.1 Sample

The sample of this study covers 107 manufacturing on the Indonesia Stock Exchange (IDX) which were selected through purposive random sampling with the criteria is the sample must have complete data related to the research variables. Manufacturing companies are the largest sector in IDX and contribute greatly to the Indonesian economy. The company as a sample is also a consistent company during the period 2015-2019 staying on the Indonesia Stock Exchange.

Table 1. Samples.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population IDX 2019</td>
<td>696</td>
</tr>
<tr>
<td>Non Manufacturing</td>
<td>(522)</td>
</tr>
<tr>
<td>IPO after 31 Dec 2014</td>
<td>(67)</td>
</tr>
<tr>
<td>Sample</td>
<td>107</td>
</tr>
</tbody>
</table>

(source IDX 2015-2019: data processed)

Total annual observations are 4,056, without outlier data, consisting of 976 observational data of distressed companies and 3,080 observational data of healthy companies.

2.2 Variables

The dependent variable in this study is financial distress. Based on the definition of corporate financial distress, the company in negative net profit is used as a proxy for financial distress [7]. Dependent variable consists of a dummy variable, coded (0) if the firm experienced financial distress (has a negative net income) and (1) if not.

Independent variables are as financial distress predictors. The predictors are liquidity ratios and profitability ratios measured by current assets to current liabilities, current asset to total asset, current asset to total liabilities, net working capital to total asset, networking capital to sales, Return on Equity, and profit to net working capital.

Table 2. Calculation of variable values

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y Financial distress</td>
<td>(0) negative net income (1) if not</td>
<td>[7]</td>
</tr>
<tr>
<td>X1 (CACL)</td>
<td>current asset / current liabilities</td>
<td>[22]</td>
</tr>
<tr>
<td>X2 (CATA)</td>
<td>current asset / total asset</td>
<td>[23]</td>
</tr>
<tr>
<td>X3 (CATL)</td>
<td>current asset / total liabilities</td>
<td>[24]</td>
</tr>
<tr>
<td>X4 (WCTA)</td>
<td>net working capital / total asset</td>
<td>[25]</td>
</tr>
<tr>
<td>X5 (WCTS)</td>
<td>net working capital / sales</td>
<td>[25]</td>
</tr>
<tr>
<td>X6 (NITE)</td>
<td>net income / equity</td>
<td>[11]</td>
</tr>
<tr>
<td>X7 (NIWC)</td>
<td>net income / net working capital</td>
<td>[11]</td>
</tr>
</tbody>
</table>

Methodology

To measure the strength of the relationship between the variable Y with the variable X in this study, logit regression was used. The logit regression model is the most used in predicting financial distress [26]. The econometric functional models used to determine the firm’s specific factors influencing leverage is as follows:

\[ L_i = \ln \frac{P_i}{1 - P_i} = \beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \beta 4 X4 + \beta 5 X51 - P1 + \beta 6 X6 + \beta 7 X7 \]  

(1)

Since the logit model provides a score between 0 and 1, if the predicted probability is greater than 0.5, this study will classify this observation as distressed, but if the probabilistic score is less than 0.5, the observation will be classified as non-distressed [27].

3. RESULTS AND DISCUSSION

Financial ratios, especially liquidity and profitability ratios, can be used to detect the probable failure of a company. Financial ratios especially liquidity and profitability can make it easier for many companies to detect the "illness" before the failure occurs. However, it is not that easy to detect failure only from the company's financial ratios because it could be an "illness" due to non-financial or macroeconomic factors. Further research is needed to add non-financial and macroeconomic factors.

The empirical finding shows that CACL as a financial distress predictor supported the findings of [28] in Malaysia, who found evidence when CACL increase, financial distress will decrease. Reference [1] and [23] also found the impact of CACL to financial distress. WCTA was included by [9] as among the five that were used in the well-known Z-Score is a strong predictor of financial distress, and it supports the finding.
of [22], [25], NITE is also a good predictor, which is in contrast to the previous studies by [11] that NITE was not a strong predictor. NIWC as profitability ratio shows as a predictor for financial distress in this study but was not in [11] research.

3.1 Descriptive Analysis

Descriptive statistics highlight several important indicators to help explain the general picture of research results.

**Table 3.** Descriptive Statistics.

<table>
<thead>
<tr>
<th>Distressed</th>
<th>CACL</th>
<th>CAT A</th>
<th>CATL</th>
<th>WCT A</th>
<th>WCTS</th>
<th>NITE</th>
<th>NIWC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>1.56</td>
<td>0.42</td>
<td>0.94</td>
<td>0.02</td>
<td>-</td>
<td>0.16</td>
<td>-0.27</td>
</tr>
<tr>
<td>SD</td>
<td>1.35</td>
<td>0.18</td>
<td>0.83</td>
<td>0.30</td>
<td>0.96</td>
<td>0.45</td>
<td>1.26</td>
</tr>
</tbody>
</table>

| Non-Distressed    |       |       |      |       |      |       |      |
| Mean              | 2.43  | 0.54  | 1.64 | 0.23  | 0.26 | 0.15  | 0.45 |
| SD                | 1.74  | 0.18  | 1.23 | 0.22  | 0.36 | 0.24  | 1.89 |

(source: IDX 2015-2019: data processed)

Table 3 reports summary statistics for the variables used in the study. The research sample is in liquid financial condition because the average ratio of current assets to current liabilities is above 1x for both conditions, even the ratio of current assets to total debt in distress conditions is almost 1x. On average, the sample firms maintain fairly well their current assets relative to their total assets. Though in general, it can be concluded that the performance of all financial ratios in non-distress situations looks better. And this descriptive analysis shows that the profitability ratio better describes the condition of the company in a distress situation.

3.2 Regression Results

Table 4 shows the results of logit regression analysis for financial ratios.

**Table 4.** Regression Summary.

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1° CACL</td>
<td>-.422</td>
<td>.031</td>
<td>.655</td>
</tr>
<tr>
<td>CATA</td>
<td>.933</td>
<td>.365</td>
<td>2.543</td>
</tr>
<tr>
<td>CATL</td>
<td>.141</td>
<td>.617</td>
<td>1.152</td>
</tr>
<tr>
<td>WCTA</td>
<td>5.433</td>
<td>.000</td>
<td>228.774</td>
</tr>
<tr>
<td>WCTS</td>
<td>-.230</td>
<td>.446</td>
<td>.794</td>
</tr>
</tbody>
</table>

5% significant level (source: data proceed)

The final selected variables and related regression coefficient as shown in table 4 were used to derive the logistic regression function as follows:

\[
\ln \left( \frac{p_i}{1-p_i} \right) = 0.228 - 0.422 \text{CACL} + 0.933 \text{CATA} + 0.141 \text{CATL} + 1^{\text{pi}}
\]

The Sig column informs the significance of the influence of the independent variable on the dependent variable. If a 5% significance level is used, then the value of sig < 0.05 indicates that the independent variable (X) has a significant effect on the dependent variable (Y). From table 4, it appears that the variables that affect financial distress above can be explained that (y= 0, negative Net Income, CACL (sig 0.031), WCTA (sig 0.000), NITE (sig 0.000) and NIWC(sig 0.012).

Column Exp(B) informs the type of influence on the variables that have a significant effect. If the value is above one "1", it means that the risk is greater for y=1 (no loss) otherwise if the value is below one, it means that the risk is greater for y=0 (loss). The value of Exp(B) on the CACL variable (Current ratio) is 0.655, which means that the greater the value of CACL, if it is increased by one unit, it will result in the possibility of not losing to 0.655 times from before in the sense that the possibility of not losing is getting smaller or the possibility of loss is getting bigger if CACL goes up. The value of Exp(B) on WCTA is 228.774 which means that the greater the value of WCTA, if it is added by one unit, it will result in the possibility of not losing to 228.774 times from before in the sense that the possibility of not losing is getting bigger or the possibility of loss is getting smaller if X4 goes up. The value of Exp(B) on NITE is 1164368.951 which means that the greater the value of NITE, if it is increased by one unit, it will result in the possibility of not losing to 1164368.951 times from before in the sense that the possibility of not losing is getting bigger or the possibility of loss is getting smaller if NICW goes up.
Table 5. Classification Accuracy.

<table>
<thead>
<tr>
<th>Observed</th>
<th>Predicted</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>y</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>77</td>
<td>63.6</td>
</tr>
<tr>
<td>1</td>
<td>12</td>
<td>96.9</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td>88.9</td>
</tr>
</tbody>
</table>

Step 1

y 0 77 44 63.6
   1 12 373 96.9

a. The cut value is .500

From the Summary model table 5, it shows that (y=1, if not) logit model predicted the distressed firms as distressed with an accuracy rate of 63.6% and the healthy firms as healthy with an accuracy rate of 96.9% that corresponded to the overall accuracy rate of 88.9%. Reference [25] mentioned that NITE was also a good predictor, which is in contrast to the previous studies by [11] that NITE was not a strong predictor.

4. CONCLUSIONS

From the results obtained, it can be seen that not all ratios predicted equally well, profitability ratios were most significant in predicting a company’s financial health. Our logit regression analysis has shown that CATA, CATL, WCTS were weak as a predictor financial distress, while CAACL (liquidity), WCTA (liquidity), NITE (Profitability), NIWC (profitability) had a significant influence on financial distress, and the WCTA and NITE variables were very dominant in determining the contribution of the financial distress with the overall percentage of accuracy reaches 88.9%.

REFERENCES


Financial Literacy on Funding Access of Micro Small Medium Enterprise in Bandung - Indonesia

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ABSTRACT
The purpose of this research is to determine and analyze the impact of financial literacy on funding access of Micro Small Medium Enterprise (MSME) members of Small Medium Enterprise Association Member in Bandung, West Java Province, Indonesia. This research used a quantitative method with descriptive research type, with a total of 350 respondents. Data analysis techniques used were descriptive analysis and simple linear regression analysis. Results showed that financial literacy gave an impact on funding access. They need to maintain and continuously improve their financial literacy due to its impact on their funding access.

Keywords: Financial Literacy, Funding Access, Micro Small Medium Enterprise.

1. INTRODUCTION
MSMEs often face a range of problems that become an impediment to their development and even threaten their sustainability, including the lack of educated human resources, lack of adaptability and utilization of new technology, lack of information, and access to funding access, marketing resources, and training. According to [1], MSMEs’ access to funding access is one of the most important issues in its business activity because, without easy access to funding capital, MSME would have a hard time scaling or fulfilling a potentially larger demand, and thus create a vulnerability in its growing phase. According to [2] expressed a similar notion where he believes that good funding accessibility from various formal or informal financial institutions can reduce MSME’s credit constraint that may otherwise be used as initial investment of development of their ventures.

One cause of low credit distribution rate from the formal financial institutions, especially the banking sector, toward MSME is due to the financial institutions’ cautious nature in giving out loans for MSME because they can not accurately assess MSME’s financial condition and performance that actually can be elaborated through the use of financial report [3]. Unfortunately, most MSMEs are unable to provide a financial report that describes their business condition [4]. Administrative requirements in funding access in the form of financial reports are one of the things that have hampered MSME’s ability in accessing these funding resources [4]. According to [5] illuminated this phenomenon by pointing out the low level of financial literacy among the MSMEs which included the ability to manage and register financial activities of the business. This lack of ability reduces MSME’s ability in accessing funding from financial institutions. This statement is supported by [6] who suggested that the main factor that affects MSME’s access to funding from financial institutions is their level of financial literacy.

The financial literacy rate of Indonesian people is still relatively low in comparison with other developing countries. Based on the Financial Service Authority’s data in 2019, the percentage of Indonesian people that can be categorized as well literate in knowledge, skills, and application regarding financial literacy was only 38.03%. Indonesia lags behind Malaysia which scored 66% of its population as financially well literate, Singapore scored 98%, and Thailand scored 73% (BNI, 2019). Furthermore, according to Financial Services Authority (OJK) in 2014, the level of financial literacy among the MSME entrepreneurs only amounted to 15.68% of the total population that can be categorized as financially well literate. This low financial literacy
level phenomenon may cause various problems, including the inability of the entrepreneurs to carry out saving and debt management, and long-term planning. Higher financial literacy levels positively and significantly impacted an individual’s usage of financial products and services [7]. According to [8] in their research also found that individuals with high and comprehensive financial knowledge can increase their chances of success in obtaining access to funding.

Previous research observing the relationship between financial literacy and funding access has been conducted by some researchers, including [6] where he found a positive relationship between financial literacy toward funding access in MSMEs in Kampala, Uganda. The phenomenon mentioned before and lack of financial knowledge and funding access of MSME entrepreneurs affected their venture’s ability in achieving their goals [9]. This research examined the internal conditions of MSMEs, especially the financial literacy level of its owner. Therefore, financial literacy was determined to become the independent variable in this research to analyze its role and impact on funding access of MSME. This research was conducted through the use of a questionnaire to MSME members of Small Medium Enterprise Association Members in Bandung, Indonesia. This research also supports the importance of the MSME empowerment program to strengthen its sustainability.

2. METHODS

This research used quantitative and descriptive methods. According to [10], descriptive analysis is a type of statistics that displays the size and summary from sample data. Sampling techniques used in research is one of the non-probability samplings namely saturated sampling. Saturated sampling is a sampling technique that uses all members of the population as samples. It is often used when the population of the research is relatively small or the research wants to make the margin of error in generalization very small [11].

The population and sample in this research were Micro, Small, and Medium scale entrepreneurs that are members of the Small Medium Enterprise Association Member in Bandung which consisted of 350 MSMEs. Data collection methods used in this research were primary data from the questionnaires given to MSME entrepreneurs. While secondary data collection method was obtained from several sources including books, journals, the internet, and previous research, as well as relevant information related to this research.

Descriptive analysis in this study was conducted to obtain information about the level of financial literacy and ease of funding access among MSME members of the Small Medium Enterprise Association in Bandung so that knowledge can be obtained about both variables with the interpretation of the score with the following categorization: 20-30% falls in the very poor category, 36% - 52% in the poor category, 52% - 68% in fair category, 68% - 64% in the good category, and 84% - 100% is put in very good category [12]. The data analysis technique used in this research was the linear regression technique. Furthermore, a hypothesis test was also conducted using the t-test and the coefficient of determination.

3. RESULTS AND DISCUSSION

Based on the results of questionnaires distributed in this study, the obtained respondents were as many as 350 people with the object of research being Small Medium Enterprise Association Member in Bandung. It can be seen that from 350 respondents studied, around 28.6% of them aged 21 to 30 years, 31.4% of them aged 31 to 40 years, 34.3% of them aged 41 to 50 years, and 5.7% others aged over 50 years. This indicates that most respondents aged 41 to 50 years.

Based on their educational background, 8.6% of them are graduates of junior high school/ equivalent, 60% of them had high school education/ equivalent, 22.9% of them are bachelors, and 8.6% are in another category. This indicates that most of the respondents are educated until high school/ equivalent. Based on its business lifespan, it is known that from 350 respondents studied, amounting to 2.9% has run their business from 1 to 6 months, 11.4% from 6 to 12 months, 37.1% from 1 to with 2 years, and 48.6% of them have run their business for more than 2 years. This indicates that most of the respondents have run their business for more than 2 years. Based on the category of the number of business employees, it is known that from 350 respondents studied, 54.3% of them have 1 worker, 37.1% of whom have 2 to 5 people working, 5.7% of which have 6 to 10 employees, while the rest of 2.9% has more than 10 people. This indicates that the majority of respondents have only a single person running their businesses.

When observed based on financial institutions that they have accessed for fundings or loans, it can be seen that from 350 respondents studied, 2.9% of them has obtained financing or loans from banks and cooperatives, 42.9% of them has obtained financing or loans from the bank, 5.7% of them has obtained financing or loans from Micro Finance Institutions, 28.6% of them has obtained financing or loans from cooperatives, and 20% of them has obtained financing or loans from others. This indicates that most of the respondents have obtained financing or loans from the bank.

The data in Table 1 is based on the recapitulation results from respondents regarding the level of financial
literacy of the MSME entrepreneurs in Bandung. It can be observed that the total score for the Financial Literacy Level of Small Medium Enterprise Association Member in Bandung is 1257. Ideally, the expected score for the respondent's answer to 15 statements is 2625. The calculation in the table shows the value obtained is 1257 or 47.9% of the ideal score of 2625. Thus, Financial Literacy Level (X) of Small Medium Enterprise Association members is in the poor category. Respondence on financial literacy show by Table 1 as a follow.

Table 1. Respondents’ Response on Financial Literacy (X)

<table>
<thead>
<tr>
<th>No</th>
<th>Dimension</th>
<th>Total Score</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Knowledge</td>
<td>789</td>
<td>45.10%</td>
</tr>
<tr>
<td>2</td>
<td>Application</td>
<td>468</td>
<td>53.50%</td>
</tr>
<tr>
<td></td>
<td>Total Score</td>
<td>1257</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Score Percentage</td>
<td>47.90%</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1. Continue Line of MSME’s Financial Literacy

From Table 2, which shows the result of recapitulation from respondents’ responses about Funding Access at Small Medium Enterprise Association Member in Bandung, it was found that the total score for Financing Access at MSME members is 1631. Ideally, the expected score for respondents’ answers to 13 statements is 2275. Based on the calculation shown in the table, the value obtained is 1631, or 71.1% of the ideal score that is 2275. Thus, Funding Access (Y) of Small Medium Enterprise Association Members is in a good category.

Table 2. Respondents’ Response on Funding Access (Y)

<table>
<thead>
<tr>
<th>No</th>
<th>Dimension</th>
<th>Total Score</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Funding amount</td>
<td>598</td>
<td>68.30%</td>
</tr>
<tr>
<td>2</td>
<td>Funding frequency</td>
<td>1033</td>
<td>73.80%</td>
</tr>
<tr>
<td></td>
<td>Total Score</td>
<td>1631</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Score Percentage</td>
<td>71.10%</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2. Continuum line of MSME’s funding access

Based on the result obtained in the simple linear regression test, it can be formulated that \( Y = a + bX \) and therefore got \( Y = 1,085 + 0.818X \) which can be interpreted that symbol (+) indicates the positive state of direction, where an increase or decrease in an independent variable that is Financial Literacy (X) will cause increase/decrease on the dependent variable of Funding Access (Y).

Results of data processing on t-test yielded \( t = 2.035 \) and \( t \) count result was 4,696. Because the value of \( t \) arithmetic \( 4,696 > t \) table \( 2.035 \), then \( H_0 \) was rejected. This indicates that there is an impact of Financial Literacy on Funding Access among the MSME members of the Small Medium Enterprise Association in Bandung. Based on the results of the data processing coefficient of determination it is known that Financial Literacy affects Funding Access as much as 40.1% while 59.9% is influenced by other factors that are not examined in this study.

Therefore, it can be concluded that with the result of the hypothesis test obtained, there is a significant impact from financial literacy to funding access of MSMEs. The respondents’ score of financial literacy is poor even though it has a significant impact on funding access that fell in the good category. Coefficient show by Table 3 as a follow.

Table 3. Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficient</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(constant)</td>
<td>1.085</td>
<td>.383</td>
<td>2.836</td>
</tr>
<tr>
<td></td>
<td>Financial Literacy</td>
<td>.818</td>
<td>.174</td>
<td>.633</td>
</tr>
</tbody>
</table>

The results of this study are in line with previous research conducted by [13] where she found that there was a significant positive influence between Financial Literacy to Funding Access. This result is also in line with the results of [6] study in Kampala, Uganda, which positively showed a significant relationship between Financial Literacy and the Funding Access of MSMEs. Based on the result of this study and previous ones, the various party needs to note that supporting MSME literacy regarding financial institutions and markets can help improve their chance of successfully obtaining funding or loans from said institutions.

4. CONCLUSIONS

Based on the results of the research, it can be concluded that the financial literacy level of Small Medium Enterprise Association Members in Bandung was in the good category with a percentage of 47.9% of the ideal score. While the level of funding access of MSMEs was in the good category with a percentage of...
71.1% of the ideal score. Furthermore, based on the analysis of regression and coefficient of determination, it can be stated that there was a positive and significant influence of Financial Literacy toward Funding Access with 40.1% of the total factors that affected the value of MSMEs’ Funding Access. Whereas, the rest 59.9% were influenced by other factors that were not examined in this research.

REFERENCES


The Role of Financial Attitude in Entrepreneurship Student Investing Behavior

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ABSTRACT
Entrepreneurs save cash as savings to use it as reserve funds and business investment funds in the future. To generate additional income from cash, entrepreneurs can invest these assets in other liquid assets such as shares. Currently, the awareness to invest in shares in Indonesia is increasing. This research purpose is to determine the role of the financial attitude in entrepreneurship students investing behavior. This research tried to prove a connection between financial attitude with student intention to invest their reserve fund in shares. The study took a sample of 100 entrepreneurial students. The data was drawn from April to May 2021 and processed using the statistical programs AMOS to verify the research hypothesis.

Keywords: financial attitude, investment, entrepreneur, shares.

1. INTRODUCTION
Individuals with poor financial attitudes usually have poor financial behavior as well. This kind of individual is used to spending without thinking about the budget or the savings [1]. This poor financial behavior can be caused by the inability to manage finances and the consumptive spending patterns [2].

To maintain sustainability, business owners must have an excellent financial attitude. Entrepreneurs must be able to manage their finances and be wise in managing income and expenses. Excess funds that are owed must be saved or invested so the funds can be used later for their business continuity. When a company needs funds to develop its business, entrepreneurs can choose internal and external sources. Internally, the company can get funds from company profits. Companies can also take advantage of accounts receivables and account payables to get additional internal funds. Meanwhile, from external sources, the company can get funds from debt or additional capital from investors. Many entrepreneurs choose to grow their businesses using funds obtained from internal companies. The main reason is to maintain ownership of the company.

In recording business finances, cash is recorded in the cash account. Sometimes entrepreneurs save money as reserve funds or business investment funds in the future. The Covid-19 pandemic has directly or indirectly slowed down the economy. This pandemic causes many entrepreneurs to resist their desire to invest. Their excess funds are stored in cash. They can place that money in other liquid assets such as securities. By changing the type of asset, the company can benefit from capital gains and dividends from other companies with good prospects [3, 4].

Unfortunately, a lot of data shows that the Indonesian people's interest in investing in stocks is still low. According to Sujanto, Director of Otoritas Jasa Keuangan/ OJK (Investment Management of the Financial Services Authority), the ratio of investors in Indonesia has only reached 0.8 percent of the total population. While in other countries, the proportion reaches 20 percent of the total population [5]. However, the number of investors in the Indonesian capital market continues to increase from year to year, according to Supranoto Prajogo, Director of PT. Kustodian Sentral Efek Indonesia / KSEI (The Indonesian Central Securities Depository) as of January 31, 2021. Indonesian capital market investors reached 4.2 million, increasing 8.83 percent from the previous month. Furthermore, it is known that 48.14 percent of these investors are only high school graduates. This phenomenon is happening, possibly because of the
vigorouse socialization of the stock exchange at the university level. Based on the data, it is known that 54.79 percent of investors are under 30 years old [6].

At the beginning of the COVID-19 pandemic, the capital market in Indonesia was in a bleak period. However, over time, the condition of the capital market has improved. Even this pandemic condition opens up opportunities and gives easiness for companies to engage in IPOs (Indonesia Public Offering). Companies nowadays can participate in e-IPO (Electronic Indonesia Public Offering). Companies can also take chances from an increase in the number of investors during the pandemic. Based on data, the number of investors during the pandemic increased rapidly. It raises more than 50% compared to 2019 [7]. This condition is supported by digitalization in the capital market, especially for opening investment accounts. Digital platforms are considered capable of attracting young investors. This type of platform is in line with the characteristics of the young investors.

Before investing in stocks, investors must first open a Customer Fund Account or commonly called RDN (Rekening Dana Nasabah). This account serves as a reservoir of funds used for transactions. This account is opened by a securities brokerage agency appointed by the Indonesia Stock Exchange. Several steps must be prepared to open an RDN account. Investors must first prepare their identity and NPWP (tax identity). Then choose an intermediary trade agency. Choose securities that have a securities trading brokerage license from the OJK. Fill in the form provided by the intermediary agency. After the account is opened, potential investors can make an initial deposit. The initial deposit amount is adjusted to the terms and conditions of each intermediary institution. Currently, all these activities can be done online [8]. This convenience is expected to play a role in increasing the number of investors in Indonesia.

The facility provided by financial regulators to invest in the capital market opens opportunities for entrepreneurs to transfer their savings balances to another liquid asset that is more productive. By depositing funds in the capital market, entrepreneurs get the chance to take advantage of capital gains and dividends. Capital gains are profits derived from changes in stock prices [9], while dividends are a portion or part of the company's profits distributed to investors [10]. By changing the form of savings, entrepreneurs have the opportunity to get other income from their savings.

This research aims to determine how financial attitude affects the interest of entrepreneurial students to invest in stocks. Saving behavior becomes a moderator variable between financial attitude variables and student interest in investing in stocks. This relationship is reinforced by the increasing interest of the younger generation to save their funds in the capital market. An excellent financial attitude makes individuals able to manage their finances well. This attitude encourages someone to save or to have a saving behavior. Stocks are a form of saving that entrepreneurship students as young entrepreneurs can choose to put their exceed funds.

The research survey was conducted on 100 entrepreneurial students. The data were collected through online questionnaires using standardized questions that were assessed on a Likert scale of 1-5. The study was conducted in April and May 2021. The data were then tested and processed using the SMART PLS statistical software.

A. Financial Attitude

According to Mien and Thao, financial attitude is an attitude that shapes an individual's behavior in financial management, such as investing, saving, and spending [11]. Furthermore, Potrich also stated that financial attitude is a response to statements "like" or "dislike," also to messages "useful" or "useless," which is related to a person's behavior in managing his or her finances [12]. The definition is also used by Sugiyanto in his research [13].

Many factors shape the financial attitude of a person. According to Furnham, a person's attitude in using money is considered complex and varied. Many variables influence these attitudes, such as gender, age, education, and beliefs. Furnham's research also found that personality and psychological conditions also affected attitudes in using money [14]. This research then became the basis of other studies on financial attitudes [15–17].

B. Saving Behavior

Financial behavior, according to Potrich, is an action that reflects the good behavior of a person in managing his or her finances based on financial goals and awareness [12]. Furthermore, Sugiyanto also explained that financial behavior describes the responsibility of individuals in managing their finances by using the resources they have to meet their personal needs and fulfill their desires [13]. A good attitude affects positive behavior. This positive attitude also affects financial management, including saving, investing, and spending control [11].

Saving behavior as a form of financial behavior is also influenced by financial attitude. This statement is in line with the research of Stromback et al. They examined the effects of psychological characteristics such as self-control on the saving behavior of individuals [18]. From the results of his research, it was known that individuals who had good self-control were better at setting aside their salaries for savings. They had good financial behavior. They were not too worried
about financial conditions, and they feel secure about their current and future financial situations.

**C. Investment Management**

According to Sunaryo, investment management is the process of managing funds or assets owned by a person to make a profit [19]. To obtain profits and reduce risk, funds or assets held should be managed in several forms of investment called a portfolio. According to Maginn et al., there are three essential elements that a person goes through to manage a portfolio of assets. Those three elements include the planning, execution, and feedback processes [20].

The planning process involves several stages: identifying goals and recognizing investor limits, setting investment policies, estimating expectations from the capital market, and finally designing an asset allocation strategy.

In the execution process, the designed portfolio strategy which formed previously is implemented. Fund owners have the flexibility to choose a portfolio pair that is considered optimal. There are times when the selected investment portfolio is not the same as the portfolio strategy that has been set. It happens because changes in the market are very fast, so the owner of the fund must be able to seize opportunities and calculate the risks faced to maintain a maximum option of the portfolio so it can provide maximum profit.

Feedback and control are essential elements needed to achieve goals when running a business. There are two main crucial points in this feedback stage. The first is monitoring and rebalancing. The second is evaluating the business performance [20].

Stocks are one form of investment that a person can choose to save their funds. Due to its nature which is easy to convert into cash, shares are classified as liquid assets [21]. This reason causes someone to keep their funds in the form of shares. The risk of holding assets in the form of shares is relatively high, but it can generate significant profits. Investors can reduce the risk by buying shares from stable companies and diversifying [22].

**2. METHODS**

Research data were collected by distributing online questionnaires with standard and structured questions using a Likert scale of 1-5 to the research sample. The sampling technique used was purposive sampling. The sample was entrepreneurial students who own and run a business. The questionnaires were distributed from April to May 2021. From the results of distributing the questionnaires, 100 samples were obtained. The data was then processed using SMART PLS statistical software.

The research framework is illustrated in Figure 1. Financial attitude is the attitude of a person who influences one's decisions in managing their assets [11]. This attitude is formed from many factors so that it is considered complex and diverse [14]. This financial attitude affects financial behavior. Talwar et al. explained that financial attitude was an antecedent of financial behavior. In their research, Tawlar et al. explained how the five dimensions of financial attitude affected retail investors [23]. One form of financial behavior is a person's decision to make savings [18].

![Figure 1. Research Frameworks](image)

**3. RESULTS AND DISCUSSION**

Entrepreneurs are individuals who have an attitude. This attitude forms behavior. This behavior is related to how a person makes savings, investments, and spending [11]. Entrepreneurs can choose various types of savings in current assets, one of which is in shares. Shares are easy to convert into cash and generate profits, either in the form of capital gains or dividends. Based on these reasons, the hypotheses of this study are:

H1: Financial attitude affects the saving behavior of entrepreneurial students.

H2: Financial attitude affects the intention of entrepreneurial students to keep their assets in shares.

H3: Saving behavior affects the intention of entrepreneurial students to save their assets in shares.

H4: Saving behavior mediates the effect of financial attitude on the intention of entrepreneurial students to save their assets in shares.

The SMART PLS statistical program was used to process research data to test the research hypothesis. Figure 2 shows the construction results of the research variables, where X1 symbolizes financial attitude, X2 illustrates saving behavior, and Y represents the intention of entrepreneurial students to save their assets in shares.

Table 1 shows the R-square value of the research variables. The R-square value of saving behavior (X2) is 15.1%, while the R-square value of entrepreneurial students' intention in saving their assets in shares (Y) is 10.4%. This figure shows that the effect of the financial attitude variable (X1) on saving behavior is only 15.1%.
There are 84.9% other variables that affect the saving behavior of students. Meanwhile, entrepreneurial students’ financial attitude and saving behavior variables only affect 10.4% of students’ intention in saving their assets in shares. In other words, there are 89.6% of different variables affect student intention in saving their funds in shares. Research diagram show by Figure 2.

Figure 2. Research Diagram

This research found that students with an excellent financial attitude do not always have saving habits. From the interview conducted, it can be concluded that several causes lead to this phenomenon. Most of the students are not yet financially independent. Their business just began to run, so it has not been able to generate a significant profit yet. In the end, the funds available for savings are limited. Business funds are usually directly rotated to purchase inventory to increase sales. Limited income and savings cause the low desire to invest in other assets. It may have different findings if the research is carried out on other objects that are financially established as Robb et al. suggested that both objective and subjective knowledge influenced financial behavior [24].

R - Square value show by Table 1 as a follow:

Table 1. R- Square Value

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>X2</td>
<td>0.151</td>
<td>0.143</td>
</tr>
<tr>
<td>Y</td>
<td>0.104</td>
<td>0.086</td>
</tr>
</tbody>
</table>

Table 2 describes the results of hypothesis testing from this research. This study used a significance level of 95%. The research hypothesis will be accepted if the P-value is less than 0.05%. From the data processing results, X1 is considered to affect X2. It has a P-value of 0.00. Thus, the first research hypothesis (H1) is accepted. It turns out that financial attitude affects the saving behavior of students. The effect of X2 on Y is also considered significant, meaning that the third hypothesis (H3) is accepted. Saving behavior affects students’ interest in investing their funds in shares. Judging from the positive value of the original sample, the effect given by X1 to X2 and X2 to Y is positive or unidirectional. However, it turns out that X1 does not directly influence Y. In conclusion, financial attitude does not significantly affect students’ intention to save their assets in shares. The second research hypothesis (H2) is rejected. The indirect effect of the X2 variable from the data processing results can also be concluded. The P-value of the impact of X1 on Y through X2 is 0.071. Thus, the fourth research hypothesis (H4) is rejected. The mediation of saving behavior on the influence of financial attitudes on the intention of entrepreneurial students to keep their assets in shares is considered insignificant.

The result of hypothesis testing path coefficients mean, STDEV, T- Value and P-Value show by Table 2, as a follow:

Table 2. Path Coefficients

|   | Original Sample (O) | Sample Mean (M) | STDEV | T Statistic (|O/STDEV|) | P Value |
|---|---------------------|-----------------|-------|-----------------|---------|
| XI → X2 | 0.389              | 0.402           | 0.098 | 3.974           | 0.000   |
| XI → Y  | 0.113              | 0.120           | 0.123 | 0.922           | 0.357   |
| X2 → Y  | 0.262              | 0.259           | 0.128 | 2.047           | 0.041   |

The result of total indirect effects Mean, STDEV, T- Value and P-Value show by Table 3 as a follow :

Table 3. Total Indirect Effect

|   | Original Sample (O) | Sample Mean (M) | STDEV | T Statistic (|O/STDEV|) | P Value |
|---|---------------------|-----------------|-------|-----------------|---------|
| XI → X2 |                   |                 |       |                 |         |
| XI → Y  | 0.102              | 0.102           | 0.056 | 1.809           | 0.071   |
| X2 → Y  |                   |                 |       |                 |         |

Several points can be concluded from the data processing result. A financial attitude is considered capable of influencing a person’s decision to have savings. An excellent financial attitude encourages an individual to set aside their funds as savings. However, this attitude does not necessarily affect their interest in keeping their funds in stocks. Many reasons might cause this, such as inadequate knowledge about stock investment, the risk of the Indonesian capital market, which is considered high, or the existence of other types.
of assets that are deemed to be able to generate better returns than stocks.

4. CONCLUSIONS

Entrepreneurship students as business owners must be able to manage their finances. They must be wise in managing income and expenses, or in other words, they must have an excellent financial attitude. Entrepreneurs with an incredible financial attitude can set aside their profits in the form of savings that can be used later to expand their business. COVID 19 initially hit the capital market, it has recently caused the growth of the capital market investors. Based on the survey results, most investors in the capital market are the younger generation. Based on the phenomenon that occurred, this research tried to seek how financial attitude affects the intention of entrepreneurial students to invest in stocks. From the study results, the R-square value of saving behavior and students’ interest in saving their assets in shares was considered low. Financial attitude affected saving behavior, and saving behavior affected students’ interest in saving their assets in shares. However, financial attitude did not have a direct influence on student interest in investing in stocks. In addition, saving behavior variable mediation on the influence of financial attitudes on students’ intention in investing in stocks was also considered insignificant.

Based on the result of the interviews with students, it can be concluded that there are several causes of the low saving habits of entrepreneurial students. Most of the students were not yet financially independent. Their business only began to start, and it has not been able to generate a significant profit yet. In the end, the funds they could provide for savings were limited. Business funds are usually directly rotated to purchase inventory to increase revenue. Other reasons that may cause the insignificant effect of financial attitude on intention in shares investment were inadequate knowledge about shares investment, the risk of the Indonesian capital market, which was considered high, or the existence of other types of assets that were deemed to be able to generate better returns than stocks.

REFERENCES


Investment Decision Judging from Personal Income, Financial Literacy and Demographic Factors

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ABSTRACT

This study aims to determine the behavior of individuals in making family investment decisions in terms of personal income and financial literacy as well as demographic factors in the Tasikmalaya community. Primary data were collected through the distribution of questionnaires with snowball sampling technique and as many as 247 samples were collected during the period March-May 2021. The data were analyzed by crosstabs analysis and multiple regression analysis. The results of the descriptive analysis showed that the people in Tasikmalaya were more likely to choose to invest in moderate-risk assets, with a high level of financial literacy. The results of the crosstabs analysis showed that there was no significant difference in determining the choice of investment type, between women and men in the Tasikmalaya community. However, analyzed from other demographic items, namely education, marital status, occupation, income, and age, there were significant differences in determining the choice of investment type. The results of the multiple regression test showed that personal income and financial literacy simultaneously had a positive and significant effect on investment decisions for people in Tasikmalaya. The results showed that personal income partially had a significant effect on investment decisions for the community in Tasikmalaya, but partially a financial literacy did not have a significant effect on investment decisions for the community in Tasikmalaya. This implies that, in determining the choice of investment type, the people of Tasikmalaya considered the amount of income more than using an understanding of financial literacy.

Keywords: demographic factors, financial literacy, investment decisions, personal income.

1. INTRODUCTION

Nowadays, public awareness about the importance of investment is starting to increase, especially for those who are already married. The Investment Coordinating Board (Badan Koordinasi Penanaman Modal or BKPM) released data on the investment realization in the first quarter of 2021 of IDR 219.7 trillion or an increase of 4.3% compared to the first quarter of 2020. Meanwhile, compared to the previous quarter, it increased by 2.4%.

By 2020, the number of investors in the Indonesian Capital Market, consisting of stock, bond, and mutual fund investors, increased by 56 percent to reach 3.87 million Single Investor Identification (SID) by December 29, 2020.

Investment is the activity of placing a certain amount of funds in a certain period in the hope of generating profits and/or increasing the value of the investment. Individual investment behavior will be related to the choice of which type of investment to choose, and this will be related to the level or amount of income and also the level of financial knowledge of each individual in determining investment choices.

Investment decision-making will be greatly influenced by the information received, as well as the level of ability and knowledge of investors or individuals about investment. Financial literacy is an important factor in making investment decisions because it can help individuals determine the right type of investment according to the needs and bring a high level of return.

Financial literacy can be defined as financial knowledge and one's ability to apply it [1]; [2]. It has been found that financial literacy had a positive influence on investment decision-making [3]; [4].
Meanwhile, another factor that is very likely to influence investment decision-making is demographic factors. Different personalities between men and women allow for differences in the choice of investment type. Different levels of education may also affect a person's level of financial literacy, which affects the choice of investment.

Several research has been conducted related to the issue. Income had a positive and significant effect on financial behavior [5]; [6]; [7]; [8]. Financial literacy had a significant effect on investment decisions, while income and education had no significant effect on investment decisions [9]; [10]; [11].

Financial literacy did not have a significant effect on investment decisions [12]; [8]; [13]; [14]; [15]; [16] found that the level of financial literacy had a positive effect on individual investment decision behavior, and there were differences in the influence between men and women on individual investment decision behavior, and income had a negative and insignificant effect on individual investment decisions.

Meanwhile, [17] found that respondents with low financial literacy preferred to invest in traditional and safe financial products. It also showed that women's financial literacy levels were lower than men's; respondents aged 41-50 were more knowledgeable than all other age groups, and financial literacy was highly correlated with education. On the other hand, demographic factors including gender, age, income, education, and experience did not affect investment decisions [18].

Many factors influence investment behavior, namely demographics and [19]. Gender had a significant effect on individual investment decisions [20], age and employment status had a significant relationship with financial literacy ability [21]. Women generally had less knowledge about personal finance topics, thus causing differences in investment choices between men and women [22].

According to [23] argued that investment decisions mean that investors make decisions about where, how, and how much funds to invest in various financial instruments to generate income or appreciate value. Investment is related to investing funds in various alternative assets, both real assets and financial assets [24].

Financial literacy is financial knowledge and the ability to apply it [25]. This financial literacy should affect a person's behavior in managing finances and investment decisions made [26].

This study aims to see the extent of the influence of personal income and financial literacy on individual/household investment decisions in Tasikmalaya and to analyze whether there are differences in the choice of investment types in terms of demographics (gender, age, education, occupation, marital status).

2. METHODS

This type of research is descriptive and verification research, aimed at investigating circumstances, conditions, or other aspects and clearly describing the characteristics of research that can reveal various phenomena and examine the relationship and influence between the independent and dependent variables.

The population is the people of Tasikmalaya. As a minimum sample size limitation, it relied on the calculation of the Cochran formula which produced a minimum sample size of 96. The responses of respondents/samples collected in this study were 247, using the Snowball Sampling technique during the period March-May 2021. Questionnaires were distributed via Google Form, prioritized to the closest person first, and then spread to others.

The analytical tools used were cross-tabulation analysis (Crosstabs) and multiple regression. Crosstabs analysis is the simplest analytical method but has strong enough explaining power to explain the relationship between variables descriptively so that the relationship between variables can be seen clearly. In crosstabs analysis, statistical analysis was used, namely Chi-Square which is symbolized by $\chi^2$. Meanwhile, multiple regression analysis was used to test whether there is an effect of the independent variable on the dependent variable. Research model show by Figure 1 as a follow:

![Research Model](image)

3. RESULTS AND DISCUSSION

The results of the crosstabs analysis explain the relationship between variables. There is no significant difference between women and men in determining the choice of investment type, although women tend to prefer to invest in low-risk assets and moderate-risk assets compared to men. There is a relationship between education and investment decisions, meaning that a person's educational background makes a significant difference in determining the choice of investment type.
The level of individual financial literacy does not make a significant difference in determining the choice of investment type.

Individual marital status provides a significant difference in determining the choice of investment type. Respondents who are married and have children tend to invest in medium-risk assets, while those who are single or have no children choose to invest in low-risk assets. The level of financial literacy is not a significant predictor in determining the choice of investment type. Respondents who have received education at a higher level are more likely to choose medium-risk assets. The amount of personal income partially has a significant effect on investment decisions. A high level of income is associated with a higher level of financial literacy and a higher level of risk awareness. The choice of investment type is not significantly different between women and men.

Age provides a significant difference in determining the choice of investment type. Ages 31 years and above tend to choose medium-risk assets, while those aged 20-30 years tend to choose low-risk assets. The results of the crosstabs analysis above that the level of financial literacy tends to be owned by more women. An individual's educational background makes a significant difference in understanding financial literacy. The majority of respondents with educational backgrounds of bachelor's degree, master's degree, and doctoral degree have a very high level of understanding of financial literacy compared to those with a diploma and senior high school/vocational school level.

Furthermore, the analysis was carried out with multiple regression tests to examine the effect of personal income and financial literacy variables, both simultaneously and partially on investment decisions. The output results of data processing through SPSS can be seen in Table 1 and Table 2.

Table 1. F Statistical Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4,459</td>
<td>2</td>
<td>2.229</td>
<td>5.334</td>
<td>.005</td>
</tr>
<tr>
<td>Residual</td>
<td>101,978</td>
<td>244</td>
<td>.418</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>106,437</td>
<td>246</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Investment Decision
b. Predictors: (Constant), Fin. Literacy, Income

Table 2. T Statistical Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.287</td>
<td>4.280</td>
<td>.000</td>
</tr>
<tr>
<td>Income</td>
<td>.078</td>
<td>2.805</td>
<td>.005</td>
</tr>
<tr>
<td>Fin. Literacy</td>
<td>.003</td>
<td>.722</td>
<td>.471</td>
</tr>
</tbody>
</table>

Based on the results of the F statistical test, it can be concluded that personal income and financial literacy simultaneously have a significant effect on investment decisions. Based on the result of the T statistical test, personal income partially has a positive and significant effect on investment decisions. Financial literacy partially has no significant effect on investment decisions.

The significance of the partial effect of personal income on investment decisions is also explained from the results of the crosstabs analysis above that individual income makes a significant difference in determining the choice of investment type. This implies that the choice of the type of investment for the people of Tasikmalaya relies much on the amount of their income.

The insignificant effect of partial financial literacy on investment decisions is also explained from the results of the crosstabs analysis above that the level of financial literacy does not create significant differences in determining the choice of investment type. This means that the majority of the people of Tasikmalaya do not feel the need to use financial knowledge / financial literacy in making decisions to choose the type of investment, but rather based on the amount of income they have.

This can be accepted and understood if it is associated with the tendency of the people of Tasikmalaya to choose investments, which prefer to invest in moderate-risk assets, meaning that the people of Tasikmalaya prefer investments that are quite safe but provide promising benefits in the future. In addition, the majority or average personal income of the people of Tasikmalaya is in the medium category, this can be a reason or cause for the people of Tasikmalaya to choose safe investments, namely investments with a sufficient level of risk (medium risk assets).

The results of the author's research are in line with the results of research by [27], [13], [28], [20], [6] and [7], and [8]. There has been no research related to investment choice decisions in the Tasikmalaya community before, especially those associated with personal income and financial literacy variables accompanied by an analysis of demographic factors. This is what distinguishes this research from the previous ones.

4. CONCLUSIONS

The results showed that personal income and financial literacy simultaneously had a positive and significant effect on investment decisions in the Tasikmalaya community. The results also showed that partial personal income had a significant effect on
investment decisions, but partially financial literacy had no significant effect on investment decisions.

REFERENCES


ABSTRACT
The purpose of this study is to identify important considerations that must be carried out by junior auditors in the planning phase in the current digitalization era. This research uses a qualitative study approach by conducting in-depth interviews with experts in auditing, information technology, and the digital economy. The results show that the critical considerations that need to be considered by the junior auditor are a comprehensive understanding of the auditee on 1) Information Technology-Based Accounting System; 2) IT Governance and the Possibility of Digital Fraud; 3) Business risks related to increasingly fierce industry competition; 4) Analytical procedures using big data analysis; and other important things related to the auditors themselves, namely 5) Digital-Based Audit Working Papers. The research results have implications for current audit learning, which must adapt to the audit environment in the digital era. The limitation of this research is that the research area of audit planning aspect is generally discussed. However, the characteristics of each industry are different. Then further research can be developed by linking the planning process with the type of industry.

Keywords: Audit Planning, Digitalization, Learning.

1. INTRODUCTION
The use of the internet and information technology is an important requirement in industrial era 4.0. Digitization in each transaction line causes significant changes in the accounting process of a business entity [1]. Digitization also has implications for the process of auditing financial statements by auditors [2]. In the past, the audit process emphasized the collection of manual transaction evidence, and then along with the times, nowadays, digital audit evidence brings significant changes in the audit process [3].

This change in the audit process also impacts the learning process, which requires auditors to understand better the digitization process in accounting transactions [4]. Junior auditors must understand the audit program. Digitalization changes in business transactions require junior auditors to pay attention to these changes in the audit evidence collection process. For senior auditors who have more audit experience, it will be easier to understand changes in business digitization than junior auditors.

The financial statement audit process is divided into several stages, including planning, testing, and reporting. The audit planning process is the most crucial because this process will determine the efficiency and effectiveness of the audit process [5]. In planning the audit of financial statements, the auditor is required to understand the business processes [6] and the company's accounting system, key internal controls, analyze possible fraudulent actions, determine the level of materiality, analytical test procedures. In the end, the auditor is required to develop a systematic audit program.

Understanding the company's business processes is the main thing needed in the audit process [7]. Entities engaged in the manufacturing industry will, of course, have different business processes compared to the financial services industry, such as banking. The business process must be understood in depth because it will determine the company's incoming and outgoing cash transactions. The different flow of financial transactions will cause the accounting system owned by the company to be different. For example, raw materials are processed into finished materials in the manufacturing industry, which are inventories for the
company. There is an inventory accounting system in the manufacturing industry, which cannot be found in the banking industry [8].

Auditors are also required to identify the company's internal control and analyze the possibility of fraud [9]. The auditor will analyze the possibility of errors in presenting financial statements, which are common errors and errors caused by fraud. Standard errors can be minimized through the company's internal controls. Meanwhile, errors caused by fraud cannot only be minimized by internal control, so the auditor must analyze the possibility of fraud in preparing financial statements [10].

After analyzing internal control and the potential for fraud in the financial statements, the auditor must determine the level of error considered material in the financial statements [11]. The determination of the materiality level must be carried out in detail for all accounts in the financial statements. Therefore, the auditor will test analytical procedures by comparing the data in the financial statements with non-financial data [12] to see which accounts will be tested using more or fewer samples. After all, is done, the auditor will develop a systematic audit program [13].

The audit planning process that produces a systematic audit program will certainly experience changes and changes in business processes with greater use of the internet [2, 14], changes in accounting systems using information technology, changes in internal controls, and information technology-based fraud prevention. Determination of misstatements and assessment of analytical procedures using big data analysis [15, 16]. Various changes due to the use of information technology have prompted a comprehensive emphasis on auditee understanding.

Previous research relating to important changes in the audit planning process in the digitalization era has not been widely conducted. Previous research has focused more on the audit process in the digital era, not specifically on audit planning, as research conducted [2, 17] states that digitalization has brought significant changes in the audit environment, especially in the process of gathering audit evidence. Information technology-based accounting systems produce transaction forms and documents stored in digital documents. Therefore, printed documents are no longer used to verify the validity of documents, which has led to changes in audit procedures in verifying source documents.

Meanwhile, research was conducted [18] that examined the current audit process, which requires audit applications to improve audit results, especially for calculating inventory. Audit applications used in Indonesia include ATLAS, SAS, ACL, and other software. Auditors must systematically document audit evidence. Therefore, audit software such as ATLAS is needed. Audit software used by public accounting firms will encourage improved quality management. Some audit documents that are not appropriately managed will cause difficulty for the auditor in making audit conclusions.

Research conducted by [13,19, 20] focused on aspects of audit planning but has not explicitly linked digitalization in accounting practice. This study explained that the planning phase was critical because if the audit planning were not carried out systematically, it would cause a decrease in audit quality. Research conducted [13] explicitly describes the process of assessing the risk of material misstatement in the planning phase of the audit that must be carried out appropriately. If the risk assessment is too high from the actual condition, it will cause inefficient audit procedures and impact high audit fees and longer audit times. Meanwhile, if the risk of material misstatement assessment is lower than the actual condition, it will cause ineffective audit procedures and have implications for poor audit quality [10].

Previous researches have not studied much about changes in the audit process due to digitalization or have not explicitly discussed things that auditors must consider in the audit planning phase. Based on this gap, it is crucial to conduct research that identifies important considerations that auditors must carry out in the planning phase in the digitalization era so that a more profound understanding is needed of the condition of the auditee and its impact on the audit procedures that will be established. The purpose of this study is to identify important considerations that must be carried out by junior auditors in the planning phase in the current digitalization era.

1.1. Theory of Planned Behavior And Auditor Behavior

The attitude determines human behavior that humans and their environment want to do. Ajzen, in 1991 developed a theory of planned behavior, which assumes that humans behave intentionally and consider available information [21]. This theory is a development of the theory of reasoned action developed by Ajzen and Fishbein in 1979. The theory of reasoned action states that human desires are determined by two things, namely 1) attitudes and 2) subjective norms. The theory of planned behavior adds a third element, namely 3) perceived control behavior [22].

Individual attitudes affect behavior, and this will depend on the assessment of whether the existing behavior is favorable or unfavorable. While subjective norms will affect behavior refer to the perceived social pressure to perform or not perform the behavior. Control behavior will affect behavior, depending on the ease or
difficulty of performing the behavior. Based on these three things, a person's behavior will be based on the desire or motivation of the person. However, not all individual conditions have complete control to realize their desires, so there is a control that will affect their actions [21].

In practice, auditors are required to behave professionally. Auditors cannot exercise complete control over their wishes because professional organizations have set audit standards used as guidelines in conducting the audit process. Auditing standards require the auditor to carry out an audit planning process. The audit planning process is an important process that the auditor must carry out. Auditing standard no. 300 regarding planning an audit of financial statements includes planning the involvement of team members, activities, documentation, and audit strategies to be carried out. These things will depend on the risk the auditee has [23]. Therefore, understanding the auditee becomes an important part of planning the audit.

1.2. Financial Statement Audit Planning in the Digital Era

The audit is a systematic process to determine the degree of conformity between information and criteria; an independent and competent person carries out the audit. One of the increasing needs for audit services is audit services on financial statements. The audits demands happen because of the development of business transactions that cause a separation between those who manage the company and those who own the company. Requests for audit services exist to reduce information risk due to potential moral hazard because company management has more information about the company's condition than shareholders as company owners. In order to reduce information risk, quality audit services are needed. Quality audit reports are produced from an audit process that follows auditing standards.

The audit process in the financial statements consists of several stages, namely the planning process and client acceptance, testing controls and substantive tests of transactions, testing analytical procedures and tests of details of balances, and the audit reporting process. The planning process is critical in the implementation of the audit. Good audit planning will determine good audit quality. In order for the auditor to plan the audit properly, the auditor must carefully conduct an in-depth understanding of the condition of the auditee.

A fraud prevention system will reduce the risk in the audit so that this will have an impact on the extent and less audit evidence collected compared to the condition of the auditee with greater audit risk. The higher the audit risk, the broader the scope of audit evidence obtained by the auditor. Many factors influenced by the auditor's and the auditee's factors can affect audit failure [10]. Auditor factors related to the competence and independence of auditors in audit assignments [24] The more competent the auditor is, the easier it will be for the auditor to collect and conclude audit evidence. Another factor is related to the auditee; the more open and integrity the entity's management, the easier it will be for the auditor to obtain persuasive audit evidence [25].

The competent auditor is the main factor determining audit quality [26]. Auditors who understand the entity being audited will make audit procedures more effective and efficient. Along with the development of digitalization, there will be many changes in business processes. Therefore, it will impact vital internal controls of the auditee that the auditor must understand. In the end, it will have an impact on different audit procedures. Auditors are required to have additional competencies in the field of information technology quickly in order to adapt to industrial developments.

One of the developments that occurred so massively was the use of an information technology-based accounting system, of course, had implications for the use of audit document sources that were no longer manual to find out economic transactions [1]. A good information technology system will certainly align with the strategy and business objectives set. If the information system cannot support business objectives, it can be said that the system does not have good system governance [27]. Therefore, the auditor needs to know whether the company's information system is in line with the company's business strategy or not.

Companies need to establish the right business strategy because business competition is very competitive, there will be a risk of failing and succeeding in business competition. Therefore, the risk aspect should not be ignored in the process of understanding the auditee [28]. One of the resources to win a business competition is quality information. The current era of big data causes auditors to have access to more information. For auditors, it will be easier to analyze the comparison of company financial data compared to similar industries [14, 15, 16]. An entity’s understanding will eventually lead to changes in the collection of audit evidence contained in the audit working papers.

2. METHODS

The research method used to answer the problem identification in this study was the qualitative research methods with data collection techniques through in-depth interviews [29] and field observations. Interviews were conducted semi-structured to resource persons
who have competence in auditing, information technology, and the digital economy. The following is a table 1 of sources:

<table>
<thead>
<tr>
<th>Interviewees 1</th>
<th>Skill</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewees 1</td>
<td>Financial Reporting Audit</td>
<td>4 Years</td>
</tr>
<tr>
<td>Interviewees 2</td>
<td>Information Technology</td>
<td>6 Years</td>
</tr>
<tr>
<td>Interviewees 3</td>
<td>Digital Economy</td>
<td>2 Years</td>
</tr>
</tbody>
</table>

After in-depth interviews with the sources above, the data validity test was conducted using source and technical triangulation. The source triangulation process is carried out to see the consistency and interrelationships between one source and another to increase the validity of the interview results. After that, data validity was also carried out through a technical triangulation process by comparing the results of interviews with sources, relevant theories, and other secondary document sources [30]. After testing the validity of the data, a table of interview results is made, which can facilitate understanding of the research results through the keywords presented by the participant. Furthermore, conclusions are made regarding the results of this study.

3. RESULTS AND DISCUSSION

3.1. Result

Audit planning is the initial phase that becomes a critical point in the success of the audit process. A comprehensive audit planning will result in an effective and efficient audit program. Changes in digital business processes cause significant changes in the audit process. This study aims to identify important considerations that auditors must carry out in the planning phase in the digitalization era. This study provides empirical evidence through interviews conducted with apt sources in their fields. The following are excerpts from interviews which are summarized in table 2 below:

<table>
<thead>
<tr>
<th>No</th>
<th>Summary of Interview</th>
<th>Interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The era of digitalization has significantly changed the company's accounting processes. Source documents created by the company will be interconnected with one another. For example, when a company makes a sale, the sales department will print a sales invoice, then the finance department will print an invoice connected to the sales department.</td>
<td>Interviewees 1 (Financial Reporting Audit)</td>
</tr>
</tbody>
</table>

The accounting department will record sales connected to the data in the sales and finance departments. The connection between these sections causes the accuracy of financial statements to increase because one section to another can control the records. Companies' information technology-based accounting systems are diverse; some use accounting applications sold in the market, such as Zahir, MYOB, Accurate, Journal. Companies can also develop their accounting system to be adapted to the entity's needs. EQUIP and SAP software are the basis of accounting software widely used today for large-scale companies. For example, the EQUIP financial management system can predict financial performance with financial forecasting features that can track profit and loss at the division level or based on company geography. The audit process compares accounting and budget data to the analytical procedure testing. This comparison can determine the level of material misstatement in the financial statements. Comparing company financial data with industry financial data also needs to be done in testing analytical procedures. Currently, XBRL-based financial reporting is developing, a standard business reporting software based on the XBRL XML language used to ensure accessibility of business information and transparency using a uniform format and is usually used by the business intelligence department. Understanding the accounting system used by the auditee will help the auditor make a better audit plan. In audit planning, another important thing is the management of working papers. Through the digitalization era, audit work papers have been developed that make it easier for auditors to verify audit evidence and draw audit conclusions. For example, the development of ATLAS, a Microsoft Excel-based practical application for assisting auditors in carrying out audit procedures according to Auditing Standards and documenting the
results as a basis for giving opinions.

| 2 | Information technology-based accounting information systems that are currently developing can encourage the improvement of the quality of financial reports. In addition to showing the many advantages of using information systems, many information technology-based systems do not work properly because they are not for business needs or because the application systems developed often experience technical problems (errors). For example, an application system developed by a business entity requires information about the expiration of raw materials, but the system does not have that menu. So that the application does not help the company's business manage its inventory; therefore, the auditor needs to know IT governance to ensure that the information system used by the company is following the company's business strategy. Through good IT Governance, the company can reduce the risk from using IT (IT risk) and control the IT Process (called IT Control) to be optimal. An understanding of IT Governance consists of an understanding of leadership, organizational structure, and processes that can ensure that the information system run by the company is under the company's business strategy.  

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>2 (Information Technology)</th>
</tr>
</thead>
</table>

| 3 | A significant effort in winning the competition is innovating to adapt to market needs. In the current era of information digitalization, human preferences for the products and services offered are numerous. Therefore, companies that can pay attention to changes in consumer behavior and capture signals of consumer needs will succeed in the market. Preferences are not only related to the function or quality of the products and services produced, but the price comparison is also a determining factor for consumers to make choices. Therefore, in today's digital business, prices must be set carefully by considering production costs, profit margins to be obtained, and price offers from competitors. Business decisions can change quickly and dramatically so that a continuous learning process needs to be carried out by companies. Intense competition and significantly changing business strategies lead to high potential risks in the company's business failure. A quality information system must support changes in strategy to produce information that can be used by company management in making decisions.  

| Interviewees | 3 (Digital Economy) |

The results of interviews conducted by researchers with the three informants illustrate that there are significant changes that have occurred due to the industrial revolution through the digitization of business transactions, including changes in the accounting system, changes in the form of fraud or errors in information technology-based financial reports, changes in business risks, changes in the process of collecting and evaluating evidence. Transactions will ultimately change the overall process of planning activity. The results of the interviews are also supported by observations made by researchers so that they get an in-depth picture that the audit planning process is the most critical part of the audit process. Changes in economic digitization should be the focus of auditors' attention in planning their audits.
3.2. Discussion

Audit planning involves establishing an audit strategy, through audit planning will help the auditor to identify risk areas, resolve potential issues promptly, assist in selecting team members, manage engagements and facilitate the supervision process (Audit Standard 300). Therefore, in the audit planning phase, the auditor must carry out in-depth identification of various changes in the auditee environment in the digitalization era, including understanding:

a. Information Technology-Based Accounting System

Digital-based information systems have been widely implemented by small, medium, and large-scale business entities or entities that do not aim for profit. This condition has long led to changes in the audit process, so that in the audit standard 300 concerning planning audits of financial statements, it is stated that the determination of audit strategy needs to consider the impact of the use of information technology on audit procedures, including the availability of data and the expected use of computer-aided audit techniques.

What auditors need to learn is an application system that supports the process of preparing financial statements. There are various kinds of technology-based information systems used, some of which are general applications, and there are also applications explicitly built according to the entity's needs. Among them, various applications such as Zahir, MYOB, Accurate, Journal or EQUIP Software, and SAP are the basis for accounting software widely used today. Each accounting system in the software certainly has different strengths or weaknesses. The weakness of the accounting information system can lead to a higher risk of material misstatement. So the auditor needs to understand how the system works and the flow of documents or reports generated from the system.

The statement from Interviewees one regarding the understanding of the information system is also supported by previous research, which states that the auditor must have a sufficient understanding of the flow of the entity's accounting information system so that the auditor can more easily trace audit source documents [31]. This statement is also in line with auditing standard 300 regarding planning audits of financial statements, which states that the auditor must have a sufficient understanding of the information system of the auditee [23]. The changes in accounting systems using information technology, changes in internal controls, and information technology-based fraud prevention, determination of misstatements and assessment of analytical procedures using big data analysis [15, 16].

b. IT Governance and the Likelihood of Digital Fraud

The use of digitization in the accounting system can help significantly to improve the quality of financial reports. However, it cannot be denied that information technology-based information systems are tools that also have limitations without human control. Not a few business entities have to incur high costs to build an information system, but the system cannot support the information needs expected by the company's management. For example, a company requires information on the expiration of raw materials, but the system does not have an "input" menu for the expiration date of raw materials. Therefore, the company cannot manage its inventory properly, so that it is not in line with the company's goal to produce quality products.

The failure of the information system to produce the information needed by management in decision making is a condition that is considered to have a high risk of a material misstatement because the risk of material misstatement will be related to the company's business risk. For companies engaged in the sale of goods, the highest risk of misstatement is in the inventory account. While companies are engaged in the financial services industry, the risk of material misstatement is not in the inventory account because its business processes do not produce inventory, but the account that is considered at risk is the accounts receivable account.

An information system in line with the entity's objectives shows that the entity's information system has good IT governance. Through good IT Governance, the company can reduce the risk from using IT (IT risk) and control the IT Process (called IT Control) to be optimal. An understanding of IT Governance consists of an understanding of leadership, organizational structure, and processes that can ensure that the information system run by the company is by the company's business strategy to win the competition.

Apart from understanding the IT Governance of the entity's information system, it is also necessary to understand the potential for new types of fraud that occur with the digitization of transactions that can affect irregularities in the presentation of financial statements. For example, the existence of cybercrime actions in the form of taking over web access/server down to sabotage the entity's activities.

Interviewees two's statement regarding the importance of understanding IT governance of client information systems and identifying new frauds due to digitization is in line with what was conveyed by Interviewee three that digital business causes new types of crime models. The auditor's obligation to understand the company's dynamic accounting system is in line with the theory of planned behavior [21] that the auditor's actions can be influenced by his desire to complete the audit assignment. However, in practice,
not all audit assignments are things that the auditor can know because of clients' dynamic and different nature; the auditor must always understand the potential for new types of fraud that occur in the audited entity.

c. Business risks related to increasingly fierce industry competition

In industrial revolution 4.0, information was the primary source of assets owned by companies. Unlimited access to information causes human preferences for choices of goods and services to become more and more. Therefore, there will be a lot of trade competition. Companies that can win the competition are companies that have a competitive advantage. These advantages can be obtained through a continuous process of innovation.

Companies are starting to develop products that are increasingly specific between one individual and another. For example, in the '90s, when buying cassettes of songs, recording companies would generally offer one album of songs with one category of singers, which were mass-produced and had similar genres. However, in the 21st century, we can access various songs in just one album according to our interest in existing song works. Personal product offerings cause intense competition among traders or producers.

Apart from the function and quality of goods and services, competition also occurs from price differences. Therefore, the role of cost accounting in pricing becomes important. Therefore the price of goods must be calculated carefully by considering production costs, profit margins to be obtained, and price offers from competitors. Price differences are also a determining factor for consumers to make choices. Purchasing decisions can change quickly and dramatically so that a continuous learning process needs to be carried out by producers. Intense competition and significantly changing business strategies lead to high potential risks in the company's business failure. A quality information system must support changes in strategy to produce information that can be used by company management in making a decision.

The statement from interviewees three, which states that there are new risk aspects that the auditor must identify as a result of digitalization, is in line with that expressed by resource interviewees one, which states that the auditor must understand the digital business process to see the possibility of potential material misstatements due to business risks. The auditor's obligation to assess the potential business risk for the risk of misstatement in line with established auditing standard 315 regarding "Identification and Assessment of the Risks of Material Misstatement through Understanding the Entity and Its Environment," which states that risk assessment procedures must be carried out to obtain an understanding of the entity and its environment, including the entity's internal control, to identify and assess the risks of misstatement. Whether due to fraud or error, material at the financial statement and assertion level [32].

d. Analytical procedures using big data analysis

One of the procedures that the auditor must perform in the planning phase is analytical procedures. This procedure is carried out to compare financial data with non-financial data, financial data with auditor expectations, last year's financial data with this year's data, this year's financial data with company budget data, and company financial data with industry data. Through these comparisons, the auditor can determine material misstatements and the extent of audit evidence collected.

Comparison between company financial data and industry data is an important procedure, but this was often not the main focus of auditors in the past because of the availability of industry data that can be used for comparison. Currently, XBRL-based financial reporting is developing, a standard business reporting software based on the XML language. XBRL is used to ensure the accessibility of business information and transparency by using a uniform format and is usually used by business intelligence departments. Understanding the accounting system used by the auditee will help the auditor make a better audit plan.

Interviewees two's stated that auditors in the digitalization era in the audit planning process would perform industrial data more easily because of the XBRL format required to prepare financial statements of public companies listed on the Indonesian stock exchange. So the process of analytical testing procedures will provide more persuasive audit evidence. By auditing standard 520 that the auditor must design to perform analytical testing procedures that are carried out in all phases of the audit both in the planning, testing and even near the end of the audit, analytical procedures must also be carried out to form a consistent overall financial report [33].

e. Digital Based Audit Working Paper

Audit working papers are important documents for auditors to provide appropriate audit conclusions. Managing working papers in the audit process is needed to achieve good audio quality. In the digitalization era, audit work papers have been developed that make it easier for auditors to verify audit evidence and draw audit conclusions. Digital collection of working papers is also considered environmentally friendly because it will reduce paper usage. Auditors must study the development of audit software that can help manage audit work papers and organize documents from all established audit procedures, such as the development of ATLAS (Audit Tool and Linked Archive System), a Microsoft Excel-based practical application for assisting
Auditors in carrying out audit procedures according to Auditing Standards and documenting the results as a basis for giving opinions. The Financial Professional Development Center launched the ATLAS application to help practitioners in the public accounting industry to be able to meet applicable audit standards. Interviewees one stated that auditors need to study the development of tools that assist in managing audit papers. Changes will occur continuously. Therefore the learning carried out by the auditor must be carried out continuously by always being critical of the audit evidence obtained [34].

4. CONCLUSIONS

Audit planning is an important phase in the audit process. Good audit planning can improve audit quality. There are many changes in today’s business processes in the digital era that have implications for the audit process. In the digital era, some things need to be considered by auditors, especially for novice auditors in the audit planning phase, namely a deep understanding of related auditees: 1) Information Technology-Based Accounting System; 2) IT Governance and Possibility of Digital Fraud; 3) Business risks related to increasingly fierce industrial competition; 4) Analytical procedures using big data analysis; and other important matters related to the auditors themselves, namely 5) Digital-Based Audit Working Papers. The study results have implications for current audit learning, which must adapt to the audit environment in the digital era. The limitation of this research is that it focuses on aspects of audit planning in general, not specific to a particular industry, so it is hoped that further research can be developed in this regard.

ACKNOWLEDGMENTS

We would like to thank Universitas Pendidikan Indonesia for funding this research through the “Skim Teaching Innovation” program.

REFERENCES


Analysis of Minimum Capital, Risk, and Knowledge in Affecting Students' Interest in Investing with Moderated Income in Indonesian Capital Market

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ABSTRACT

Preferences on capital, risk perception, knowledge, and rate of return are part of the factors that are analyzed for testing in making investments. This study aimed at analyzing the impact of minimum capital, risk perception, and knowledge on student interest in investing moderated by income factors. The design of this study was causally applied quantitative using primary and secondary data through the collection of 117 respondents. The sampling technique applied was the purposive sampling method adjusted by the object and criteria set. Moderated Regression Analysis (MRA) was used in testing the overall sample data and the residual test for moderating variables. The research results indicate that minimum capital factors, risk perception, and knowledge significantly affect student investment interest simultaneously at the Bandung branch. Partially, minimum capital has a significant negative effect on investment interest; meanwhile, Risk perception and knowledge positively affect investment interest. In comparison, the income factor is able to moderate the relationship between minimum capital, risk perception, and knowledge with investment interest.

Keywords: Investment Decision, Minimum Capital, Risk, Knowledge, Income.

1. INTRODUCTION

The current accelerated pace of investment decision which is connected with various income, risk, and literacy economic at the capital market, needs to improve and develop their business lines. Companies can try and take advantage of various facilities available. The development of a company's business will impact increasing competitiveness between companies so that every company is required to develop its strategy constantly [1].

One form of a company's strategy to improve its performance is actively participating and joining capital market institutions. The presence of this institution will have an important role in the progress of the company and the information needed by the community, both individuals and groups within a business entity. This is because investors who have excess funds can channel their funds to be invested in entrepreneurs to obtain additional funds that can be used to expand their business network through investors in the capital market [1].

This fast-paced information has changed people's views on meeting needs, especially investment-related ones. People no longer regard investment as a desire but rather a necessity [2]. The excess investment can return the principal value plus economic, social, and other benefits within a particular time, becoming an attraction for the community.

There are two paradigms prevailing in society regarding investment. First, investment is considered a want, and second, investment is considered a need. When investing is considered a desire, this means that when a person has excess money, the money will tend to be kept as savings rather than used for investment purposes. The money is only used for investment purposes when the owner desires to channel it into investment instruments. The second paradigm states that investment is considered a necessity. This means that if someone has excess money, the excess will tend to be used for investment rather than saving [2].

Investment is one of the country's development instruments to improve people's welfare, including...
Indonesia [3]. The financial orientation of the Indonesian people is still in the category of short-term saving society. In contrast,developed countries whose financial orientation is long-term investment can manage finances from their income as much as 30% as an investment [4].

The level of financial literacy in Indonesia in the National Financial Literacy Survey (SNLK) shows the results of the financial literacy index reaching 38.08% and the financial inclusion index 76.19% increasing in 2019, compared to the results of the 2016 survey, which was 29.7% financial literacy and financial literacy index with financial inclusion of 67.8% [5].

In years, investment in Indonesia has increased. Table 1 below shows the total growth of Single Investor Identification (SID) for 2012-2016.

**Table 1. Total Growth in the Number of SID 2012-2016**

<table>
<thead>
<tr>
<th>No.</th>
<th>Year</th>
<th>Number of Single Investor Identification (SID)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2012</td>
<td>281,256</td>
</tr>
<tr>
<td>2</td>
<td>2013</td>
<td>320,506</td>
</tr>
<tr>
<td>3</td>
<td>2014</td>
<td>364,465</td>
</tr>
<tr>
<td>4</td>
<td>2015</td>
<td>434,107</td>
</tr>
<tr>
<td>5</td>
<td>2016</td>
<td>891,070</td>
</tr>
</tbody>
</table>

Adopt from: Indonesian Central Securities Depository

From the table, it can be seen that the number of Single Investor Identification (SID) continued to increase from 2012 to 2016. The number of SIDs recorded at Indonesian Central Securities Depository (KSEI) at the end of December 2016 had reached 891,070, or an increase of 105.27% compared to the total SID end of December 2015 which was only 434,107.

However, the increase in the number of investors based on data from the company securities branch Bandung shows a different growth rate of the number of investors among young people. The growth in the number of young investors decreased by 106 people or 48.4%, from 219 in October 2017 to 113 in December 2017.

The decline of the growing number of investors at the Bandung branch is possible due to students' low motivation or interest in investing in the capital market. The low interest in students' investment in the capital market is because investment activity on the stock exchange is still relatively new in Indonesia compared to other countries. In addition to the low public interest, this is also due to the low understanding and knowledge of the community, both entrepreneurs and students, regarding investment in the capital market [6].

Basic investment knowledge is critical to be known by potential investors, especially young people. This is intended so that investors (students) avoid irrational investment practices, a culture of bandwagon, fraud, and the risk of loss. If viewed from an educational background, students should have sufficient knowledge about the capital market. Several factors can influence students' interest to invest, including minimum capital, risk level, and basic investment literacy.

Adopt from: Indonesian Central Securities Depository

**Figure 1. Declining Growth in the Number of Investors**

Minimum capital is one of the factors that a person must consider before deciding to invest [1]. Minimum investment capital is taken into consideration because there is a calculation of estimated funds for investment, the minimum funds needed, the higher someone's interest in investing. Minimum capital in an investment is a discount that occurs at department stores. This discount triggers someone to shop [7]. Research by [8] and [9] states that minimum capital affects investment interest in the Islamic capital market. However, this is not in line with research [10] and [11], whose results show no minimal effect of capital factors on investment interest in the capital market.

Several considerations are made by looking at the possible risk of loss that is accepted. Research conducted by [12] stated that risk perception does not affect investment interest in the capital market. Although initially, students were interested in investing, they could stop in the middle of the road because they faced obstacles, and the same results in research by [3] and [13]. In contrast, research conducted by [14] argues that the perception of risk is significantly positively related. This is because the higher the risk, the more investment enthusiasts, hoping that the higher the risk taken, the greater opportunity.

Adequate knowledge is needed to avoid losses when investing. This will shape the behavior of investors and potential investors to invest in the capital market. The theory of planned behavior explains that a person's attitude and behavior in taking action cannot be separated from the behavior of investors making investment decisions. Research by [15] and [9] shows that investment knowledge affects interest in investing in the sharia capital market.

Research on the relationship between risk perception has been carried out regarding the effect of minimal
investment capital at BNI Securities, return, and perception of risk on student investment interest with income as a moderating variable, which stated that risk perception affects student investment interest [7]. The phenomenon of problems in this study will reveal how to increase student investment interest in the capital market through minimum capital, perceptions of risk, and investment knowledge at company securities branch office Bandung. The aim is to determine the effect of minimum capital, risk, and knowledge on student investment interest with income as a moderating factor.

1.1. Literature Review

1.1.1. Student Investment Interest

Interest is a psychological function or a conscious response to being interested in an object, either in the form of objects or the other, while investment is defined as a commitment to a number of funds or other resources currently carried out to obtain future profits [16]. Investment interest is a strong desire or desire in someone to learn all things related to investment to the stage of practicing it, namely investing [1]. Characteristics of someone interested in investing can be known through his efforts in finding the type of investment instrument from the advantages, weaknesses, and investment performance. Then, they invest according to what they have learned to increase the portion of the weight of the existing investment [17].

1.1.2. Minimum Investment Capital

Minimum investment capital is the initial capital used in making investments by potential investors [18]. The company securities offer initial funds that must be deposited to create an account, only IDR 100,000.00. The minimum purchase amount determined by Indonesia Stock Exchange is one hundred shares, and the minimum price is Rp.50.00 per share, so the minimum investment is Rp.5000.00.

1.1.3. Risk Perception

Perception is an experience generated through the senses of sight, hearing, smell, and others which is indicated by a change in behavior in a person. Perceived risk is defined as the uncertainty faced by investors when they cannot predict the impact of purchasing or investment decisions [19]. Risk perceptions are socially shaped due to several factors that form the basis for differences in decision-making regarding possible losses [20].

1.1.4. Investment Knowledge

Investment education is the perception of knowledge or knowledge that has been conveyed, either to students through universities or from external parties, regarding investment in the capital market [18]. Investment knowledge is an understanding that one must have about various aspects of investment, starting from basic knowledge of investment appraisal, the level of risk, and the rate of return on investment [1].

1.1.5. Income

Income is defined as additional economic capacity received or obtained from each business, both goods and services. Comes from within or outside Indonesia, which can be used for consumption or to increase one's wealth with any name and in any form (Law No.17 of 2004). Individuals with lower income levels tend to prefer low-risk investments. However, if income increases, the risk tolerance for other investments will decrease, so riskier investments will be made [21].

1.1.6. Research Framework

The research framework was developed by the researcher based on the phenomena and research objectives that were analyzed simultaneously or partially, as shown in Figure 2 below:

![Figure 2. Research Framework](image)

The proposition is an expression or statement that can be trusted, denied, or tested for the truth about a concept/construct that explains and predict a phenomenon. Minimum capital variables, risk perception, and knowledge can be used as factors in determining the alleged influence on student interest as investors and testing income factors that can moderate the relationship between research variables.

Based on this description, the research hypothesis is as follows:

1. Minimum capital, risk perception, and knowledge affect student interest in investing either simultaneously or partially in the Bandung branch of company securities.
2. Income moderates the relationship between minimum capital, risk perception, and knowledge with student interest in investing in the Bandung branch of company securities.

2. METHODS

The population of this study came from all students who opened securities accounts at the Bandung branch of PhintraCo Securities. The total population who opened securities accounts through the agency from 2017 to 2020 was 463 students. Meanwhile, the number of returned questionnaires that have been distributed is 117 active students. Considerations in determining the sample are students who are still active in college and conduct stock buying and selling transactions at least four times a month.

The variables are Minimum Capital (X1), Risk Perception (X2), Knowledge (X3), and Income (Z). The following is an explanation of the operational table of variables and their measurements:

**Table 2. Operationalization & Measurement of Variables**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Interest</td>
<td>Find out about the investment concept, Study investment, Knowing the type of investment</td>
<td>interval</td>
</tr>
<tr>
<td>Minimum Capital (X1)</td>
<td>The amount of capital to open a securities account, Ease of opening a securities account</td>
<td>interval</td>
</tr>
<tr>
<td>Risk Perception (X2)</td>
<td>Risk considerations, Losses on transactions, Perception of high risk &amp; high return</td>
<td>interval</td>
</tr>
<tr>
<td>Knowledge (X3)</td>
<td>Knowledge of investment experience, Basic knowledge of investment stocks, Understanding the level of risk and return</td>
<td>interval</td>
</tr>
<tr>
<td>Income (Z)</td>
<td>Income amount, Set aside income, Calculating income level</td>
<td>interval</td>
</tr>
</tbody>
</table>

Adapted from: Processed by Researchers, 2021

The dependent variable in this study was Student Interest (Y). Meanwhile, the independent variables were minimum capital, risk perception, and knowledge. The data analysis methods in this study are data qualitative tests (validity and reliability tests), descriptive statistics, multiple regression analysis (multiple regression analysis), and residual tests for moderating variables. The data of this study were processed using the Statistical Package for Social Science (SPSS) 21 program. Multiple regression analysis intends to predict the dependent variable associated with two or more independent variables.

**Model I:** \[ Y = 0 + 1X_1 + 2X_2 + 3X_3 + e \]  
**Model II:** \[ Z = b0 + b1X_1 + b2X_2 + b3X_3 + e \]

Information:

<table>
<thead>
<tr>
<th>Y</th>
<th>Student Interest</th>
<th>X1</th>
<th>Minimum Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>b0</td>
<td>Intercept</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b1</td>
<td>Minimum Capital  Regression Coefficient</td>
<td>X2</td>
<td>Perceived of Risk</td>
</tr>
<tr>
<td>b2</td>
<td>Risk Perception  Regression Coefficient</td>
<td>X3</td>
<td>Knowledge</td>
</tr>
<tr>
<td>b3</td>
<td>Knowledge        Regression Coefficient</td>
<td>Z</td>
<td>Income</td>
</tr>
</tbody>
</table>

The normality test aims to predict the test of distribution data on the normality of regression model and residual variables. This testing process applies the Kolmogorov-Smirnov (KS) non-parametric test, graphical analysis, and statistical test.

1. **F Uji test.** The F statistic test shows that all independent variables included in the model simultaneously affect the dependent variable. The steps are as follows:

   Ha: 0, then the minimum investment capital, risk perception, and knowledge affect the investment interest of students simultaneously at company securities branch Bandung.

2. **t-test.** The t statistic test estimates how much the independent variable individually (partial) can explain the variation in the dependent variable. The steps are as follows:

   Ha: 0, then minimum investment capital, risk perception, and knowledge partially influence student investment interest at company securities branch Bandung.

3. **Residual test (Moderating)**

   The residual test examines the effect of deviation from a regression model by looking at the Lack of Fit (mismatch) indicated by the residual value. The steps in deciding for the residual test are:

   Ha: 0, then income is able to moderate the relationship of minimum capital, risk perception, and knowledge have an effect on student interest at company securities branch Bandung.

   The residual test criteria are P-Value (Sig) < 0.05, and the parameter coefficient is negative so that it can be moderated. However, if the P-Value (Sig) > 0.05 and the parameter coefficient value is positive, it cannot be moderated.

3. RESULTS AND DISCUSSION

The descriptive statistical analysis in the table below uses several questions as instruments and is assessed with
a 5-point Likert scale, namely 1 (strongly disagree) to 5 (strongly agree) for all variables in this study, obtained answers to a minimum, maximum, average, and standard deviation as follows:

Table 3. Description of Research Variables

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>117</td>
<td>12.00</td>
<td>17.00</td>
<td>12.345</td>
<td>1.56653</td>
</tr>
<tr>
<td>X1</td>
<td>117</td>
<td>9.00</td>
<td>15.00</td>
<td>11.7407</td>
<td>1.46934</td>
</tr>
<tr>
<td>X2</td>
<td>117</td>
<td>8.00</td>
<td>14.00</td>
<td>10.5802</td>
<td>1.68719</td>
</tr>
<tr>
<td>X3</td>
<td>117</td>
<td>8.00</td>
<td>14.00</td>
<td>10.2222</td>
<td>1.73649</td>
</tr>
<tr>
<td>Z</td>
<td>117</td>
<td>7.00</td>
<td>15.00</td>
<td>11.3704</td>
<td>1.8709</td>
</tr>
</tbody>
</table>

A residual test is conducted to determine which elements in this moderating variable can strengthen or weaken the influence of the independent variable on the dependent variable. The results of the F test are shown in the following table:

Table 5. F Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>118.147</td>
<td>5</td>
<td>23.019</td>
<td>52.257</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>35,624</td>
<td>111</td>
<td>.483</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>152,421</td>
<td>116</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Y
b. Predictors: (Constant), X1, X3, X2

Adopt from: Data processed, 2021

Based on descriptive statistics, the number of research samples (N) is 117 respondents. Each variable has a minimum, maximum, average, and standard deviation that varies according to each respondent’s perspective and level of understanding.

After all research samples are tested for validity and reliability so that the results are valid & reliable, the next step is to test normality through non-parametric statistical test techniques “Kolmogorov-Smirnov (KS)” which results can be seen below:

Table 4. Normality Test of Research Variables

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>117</td>
</tr>
<tr>
<td>mean s, b</td>
<td>1.0811</td>
</tr>
<tr>
<td>Normal Parameter</td>
<td></td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.80945</td>
</tr>
<tr>
<td>Absolute</td>
<td>.148</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>0.079</td>
</tr>
<tr>
<td>negative</td>
<td>-.131</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>1.261</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.152</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.

Adopt from: Data processed, 2021

The test results of Kolmogorov- Smirnov Z value of 1.261 and the significance of 0.152 the value is greater than = 0.05 (Asymp. Sig = 0.152 > 0.05) so that the Ho hypothesis was accepted, which means the residual sample is normally distributed.

3.1. F test statistic

The F statistic test shows that independent variables included in the equation model simultaneously affect the dependent variable. The results of the F test are shown in the following table:

Table 6. F Test Results

<table>
<thead>
<tr>
<th>Coefficients a</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.428</td>
<td>.973</td>
<td>2.147</td>
<td>.005</td>
<td></td>
</tr>
<tr>
<td>X1</td>
<td>-1.143</td>
<td>.350</td>
<td>-.143</td>
<td>-2.038</td>
<td>.045</td>
</tr>
<tr>
<td>X2</td>
<td>.516</td>
<td>.435</td>
<td>.471</td>
<td>3.452</td>
<td>.000</td>
</tr>
<tr>
<td>X3</td>
<td>326</td>
<td>.367</td>
<td>.238</td>
<td>2.157</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Y

Adopt from: Data processed, 2021

Based on table 6, it is known that individually (partial) shows that minimum capital, risk perception, and knowledge variables have a p-value (sig) less than 0.05. This means that it can be stated that simultaneously, minimum capital variables, risk perception, and knowledge affect student interest in investing at company securities branch Bandung. The variables of risk perception and knowledge are stated to have a positive and significant effect on student interest in investing at company securities branch Bandung.

3.2. Statistical t-test

The t-statistical test shows how much influence each independent variable has individually (partial) in explaining the variation in the dependent variable. The results of the t-test can be seen in the following table:

Table 7. T-Test Results

<table>
<thead>
<tr>
<th>Coefficients a</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.428</td>
<td>.973</td>
<td>2.147</td>
<td>.005</td>
<td></td>
</tr>
<tr>
<td>X1</td>
<td>-1.143</td>
<td>.350</td>
<td>-.143</td>
<td>-2.038</td>
<td>.045</td>
</tr>
<tr>
<td>X2</td>
<td>.516</td>
<td>.435</td>
<td>.471</td>
<td>3.452</td>
<td>.000</td>
</tr>
<tr>
<td>X3</td>
<td>326</td>
<td>.367</td>
<td>.238</td>
<td>2.157</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Y

Adopt from: Data processed, 2021

Based on table 7, it is known that individually (partial) shows that minimum capital, risk perception, and knowledge variables have a p-value (sig) less than 0.05. This means that it can be stated that simultaneously, minimum capital variables, risk perception, and knowledge affect student interest in investing at company securities branch Bandung. The variables of risk perception and knowledge are stated to have a positive and significant effect on student interest in investing at company securities branch Bandung.

3.3. Residual Test (Moderating)

A residual test is conducted to determine which elements in this moderating variable can strengthen or weaken the influence of the independent variable on the dependent variable. The results of this test can be seen in the following table 7 & 8.
### Table 7. Residual Test Results (Moderating)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-1.124</td>
<td>1.105</td>
<td>-2.037</td>
<td>.282</td>
</tr>
<tr>
<td>X1</td>
<td>.035</td>
<td>.025</td>
<td>.054</td>
<td>1.296</td>
</tr>
<tr>
<td>X2</td>
<td>.263</td>
<td>.263</td>
<td>.241</td>
<td>1.561</td>
</tr>
<tr>
<td>X3</td>
<td>.137</td>
<td>.179</td>
<td>.193</td>
<td>2.175</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Moderating
Adopt from: Data processed, 2021

### Table 8. Residual Test Results (Moderating)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.541</td>
<td>0.662</td>
<td>3.523</td>
<td>.002</td>
</tr>
<tr>
<td>Y</td>
<td>-1.84</td>
<td>.037</td>
<td>-.086</td>
<td>-2.319</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Moderating
Adopt from: Data processed, 2021

The following shows the equation of the residual test results as shown in the residual output analysis in tables 7 and 8:

\[
Z = -1.124 + 0.035X1 + 0.401X2 + 0.137X3 - 2.451 - 0.184Y
\]

Table 8 describes a significant value of 0.011, smaller than = 0.05, with a negative parameter coefficient value of -0.184. This suggests that the income variable can moderate the relationship between minimum capital, risk perception, and knowledge with the variable of student interest in investing.

### 3.4. Comprehensive Discussion

The results of statistical analysis state that, simultaneously, minimum capital variables, risk perception, and knowledge significantly affect student interest in investing at company securities branch Bandung. While the results of partial analysis state that the perception of risk and knowledge each has a positive and significant effect on student interest, in contrast to the minimum capital, which has a negative but significant effect on student interest in investing. The overall residual analysis states that the income variable moderates the relationship between minimum capital, risk perception, and knowledge with student interest in investing at the company securities branch Bandung. This indicates that student investors think that even though their income has increased, it does not make them think about increasing their investment. This could have happened because there are other factors that were also essential to consider in making investment decisions, in addition to the income factor [11].

### 4. CONCLUSIONS

Investment decisions today are something that is a necessity for every individual in order to increase valuable assets and dream of prosperity in the future. However, many factors trigger the act of making investment decisions. The factors in this research study have only been partially applied from the many other factors that impact student interest in making investment decisions. The results of the analysis of this research study are expected to add scientific insight in the field of stock investment and presumably to deepen other factors on student interest in investing in stocks. It can be further explored with other variables.

### REFERENCES


The Effect of Liquidity, Leverage, and Profitability on Firm Value with Firm Size as Moderating Variable

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ABSTRACT

The purpose of this study was to determine the effect of liquidity, leverage, and profitability on firm value, with firm size as the moderating variable. This research used the descriptive verification method. The population in this study was the mining sector companies listed on the Indonesia Stock Exchange with a total of 77 companies, and 40 companies were obtained as samples with purposive sampling technique. The data used is sourced from the 2013-2018 financial statements. The analysis technique uses MRA analysis. The results showed that liquidity and profitability did not affect firm value. Leverage had a positive effect on the company. Furthermore, firm size did not moderate the liquidity and profitability of the company but moderates the effect of leverage on firm value. This shows that leverage is a positive signal that is responded to by investors so that it will increase the value of the company.

Keywords: Liquidity, Leverage, Profitability, Firm Value, Firm Size.

1. INTRODUCTION

The establishment of a company has a purpose, one of which is to increase the company's value. By increasing the company's value, it will increase the welfare of the owner of the company. The increase in company value can be seen from the increase in stock prices. Stock prices occur because of supply and demand. If the company shows good financial performance (financial ratios including liquidity, profitability, and leverage), it will attract investors to invest in the company.

Investments can be made in the capital market. Today the capital market in Indonesia is growing. The development of the capital market is one of the indicators of the economy in Indonesia. The development of the capital market can be shown by the growth of investors, especially individual investors. Thus, the choice of financial specialists in securities exchanges plays an important role in determining market developments, which in turn manage the economy. An increase in the number of investors will increase stock trading activity. This indicates that the companies are performing well and that business activities are running well. One of the indicators for determining investment by investors is the company's value. The increasing value of the company indicates an increase in shareholder wealth. This will increase the interest of investors to buy company shares. The company's value can be seen from various indicators, including the share price, which can be seen from the financial ratios, namely PER, PBV, and Tobin Q. PBV is a market assessment of the value of a company's shares. A high PBV indicates that the market values the company well. PBV can be used to maximize firm value with shareholders[1]. A higher PBV indicates a lower book value with net operating assets. With PBV, it will increase shareholder profit growth [2].

The financial performance of a company is one of the factors that affect the company's value. Financial performance is a signal for investors. Investors will respond to the financial performance, whether bad news or good news. When the signal is responded well and positively, it will increase the stock price. An increase in stock prices indicates an increase in the market value valued by investors so that the company's value will also increase. Financial performance that affects firm value include liquidity, leverage, and profitability [3].

Liquidity shows the company's ability to pay off its debts. High-value liquidity shows that the company can...
meet short-term obligations. The higher the value of liquidity, the higher the company's value. This is in line with the research results [4]. However, it is different from the results of research [3-8] which shows the results of his research that liquidity has a negative effect on firm value. This means that when liquidity increases, the company's value decreases because, with high liquidity, investors are worried that a lot of cash will be idle and not productive to generate cash or profit. Research [9] provides research results that investors do not determine liquidity as a factor in considering investment choices so that it will not change the company's value.

The use of leverage by the company is considered a positive signal by investors because the use of leverage shows that the company is developing its business to increase the profits that shareholders will receive. The increase in leverage is also considered the use of debt for financing so that tax savings occur, which will increase the company's value. Similar research from [7-12] that leverage has a positive effect on firm value. Low debt capital structure plays a dominant role in maximizing firm value [13]. Meanwhile, research [14] shows that capital structure does not affect firm value. When the company's profits increase, investors will respond to it as a positive signal. This will attract more investors to invest in the company. This will increase the stock price. An increase in stock prices will increase the value of the company. This is in line with research [3,7,14,15] which provides research results that profitability has a positive effect on firm value. However, in contrast to the research results [14,15], the results show no relationship between profitability and firm value.

As a company on the IDX, the mining sector has an average company value, with PBV indicators fluctuating in 2013-2018. The trend of declining company value is found in the oil and gas sub-sector and the rocks sub-sector. If the company's value is decreasing, the average development of the PBV value is as shown in Figure 1.

![Figure 1. Development of Mining Subsector Company Value in 2013-2018](image)

1.1. Literature review

1.1.1. Effect of Liquidity on Firm Value

Liquidity indicates the company's ability to meet its obligations, especially short-term obligations. The size of the liquidity will be a reference for investors, creditors, and suppliers who will provide loans to the company. One indicator of liquidity is the current ratio. The current ratio is a comparison between current assets and current liabilities. The size of the current ratio will show how much the company is able to meet its obligations. The higher the current ratio, the easier it is for the company to fulfill its obligations. This will make investors interested in investing in the company, consequently increasing the company's value. It is as produced by [3-7,16] that liquidity increases firm value.

Ha1: Liquidity affects the value of the company

1.1.2. The Effect of Leverage on Company Value

The trade-off theory states that using debt to a certain extent will benefit the company when using debt provides greater benefits than interest expense. High leverage indicates that the proportion of debt in the company is greater than the proportion of own capital. High leverage is a positive signal for investors because it reflects that the company uses its funds for business development and will be profitable. So this will increase the value of the company [7,10-12].

Ha2: Leverage has a positive effect on firm value

1.1.3. The Effect of Profitability on Firm Value

Profitability indicates the company's performance because the profit earned shows its success in its operations. One of the profitability indicators is the return on equity (ROE). Roe is the rate of return on the company's equity. A high ROE will indicate the better the company's performance so that it will cause investors to be interested in investing their capital. So that the more interest in the company's shares, the stock price will rise, which will eventually increase the value of the company. This is as shown by the results of research [3,7,10,15].

Ha3: Profitability has a positive effect on firm value.
2. METHODS

In this study, descriptive and verification research methods were used. The descriptive method is used to describe the variables of liquidity, profitability, leverage, firm size, and firm value. The verification method is used to test the effect of liquidity and profitability on the value of the company population in this study, namely mining sector companies with a total of 77 companies using the purposive sampling technique. The sample used was 40 companies. Panel data is used in this study in the form of secondary data obtained from financial reports and stock prices for the period 2013 to 2018, so that there are 240 pieces of observational data. The data can be downloaded through the pages www.IDX.co.id and yahoo.finance.com.

Quantitative data analysis using eviews ten programs. This is done to see the description of the independent variables (liquidity, profitability, leverage) and moderating variable (firm size). The dependent variable, namely the company's value through the minimum, maximum, and average values of each indicator. Liquidity uses the current ratio indicator, profitability uses the ROE indicator, leverage uses the DER indicator, firm size uses the natural log indicator of total assets, and firm value uses the PBV indicator. In this study, MRA regression analysis was used.

3. RESULTS AND DISCUSSION

3.1. Descriptive Analysis

The description of the research variables consisting of firm value, liquidity, profitability, leverage, and firm size are presented descriptively in table 1. Based on the output eviews, it is known that the number of observations is 240, the liquidity variable (CR) has a minimum value of 5.239, a maximum value of 11131.26, and an average of 309.35. The leverage variable with the DER indicator has an average value of 1.5, a minimum value of -24.11, and a maximum value of 34.05. The profitability variable with the ROE indicator has a minimum value of -3.16. A maximum value of 6.16 with an average of 0.05. The moderating variable is firm size, with the LnSize indicator having a minimum value of 25.57, a maximum value of 32.28, and an average of 29.22. Furthermore, for the dependent variable, the firm value with the PBV indicator has a minimum value of -7.43, a maximum value of 240, and an average value of 3.16. A

3.2. Regression Analysis

Based on the panel data estimation model selection test results through the chow test, Housman test, and LM test, the right model is determined to be used in the random-effects model. The results are as in table 1. From this table, a regression equation can be made

PBV = 5.342 + 1.61CR + 0.47DER + 0.415ROE + 0.14LnSize + e

Table 1 Multiple Regression Equation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>5.342800</td>
<td>4.811856</td>
<td>1.110341</td>
<td>0.2680</td>
</tr>
<tr>
<td>X1</td>
<td>1.61E-05</td>
<td>0.000143</td>
<td>0.113085</td>
<td>0.9101</td>
</tr>
<tr>
<td>X2</td>
<td>0.471050</td>
<td>0.036354</td>
<td>12.95715</td>
<td>0.0000</td>
</tr>
<tr>
<td>X3</td>
<td>0.415756</td>
<td>0.278533</td>
<td>1.492662</td>
<td>0.1369</td>
</tr>
<tr>
<td>X4</td>
<td>-0.146794</td>
<td>0.164545</td>
<td>-0.892125</td>
<td>0.3732</td>
</tr>
</tbody>
</table>

3.3. Coefficient of Determination Analysis

The coefficient of determination explains how the model's ability to explain changes in the dependent variable is. The coefficient of determination in this model is 0.49, this shows that changes in the firm value variable (PBV) are influenced by 49% by the independent variable and the rest is influenced by other factors not examined.

F test

The F test was carried out to see the feasibility of the model (goodness of fit) in this study. Test. Based on table 2, it is known that the prob value (F-statistic) is 0.000, meaning that the model in this study is fit, so this model is feasible to use and can be used to draw conclusions.

Table 2 Model Feasibility Test

<table>
<thead>
<tr>
<th>El</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-squared</td>
<td>0.507373</td>
<td>0.074422</td>
<td>0.764422</td>
<td>0.0000</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.498987</td>
<td>0.074422</td>
<td>0.764422</td>
<td>0.0000</td>
</tr>
<tr>
<td>SE of regression</td>
<td>1.736775</td>
<td>0.074422</td>
<td>0.764422</td>
<td>0.0000</td>
</tr>
<tr>
<td>F-statistics</td>
<td>60.50847</td>
<td>0.074422</td>
<td>0.764422</td>
<td>0.0000</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.0000</td>
<td>0.074422</td>
<td>0.764422</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

T-test

To find out the significance of the regression model then t-test was performed. Based on table 1, it is known that the probabilistic value for the variables X1, X3, X4 > 0.05, it can be concluded that the liquidity and profitability variables have no significant effect on firm value. While the X2 variable has a probability value of <0.05, meaning that leverage has a positive effect on firm value.

MRA Test

Based on the test results, it is known that Firm size does not moderate the profitability and liquidity variables on firm value. However, firm size moderates the leverage variable on firm value. This data is seen in table 3. In this case, firm size weakens the influence of leverage on firm value. This can be seen from the coefficient of -0.163583.
Table 3 Coefficient of Moderated Regression Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>-2.35E-05</td>
<td>0.000187</td>
<td>-0.125833</td>
<td>0.9000</td>
</tr>
<tr>
<td>M2</td>
<td>-0.163583</td>
<td>0.026163</td>
<td>-6.252464</td>
<td>0.0000</td>
</tr>
<tr>
<td>M3</td>
<td>-0.077428</td>
<td>0.163608</td>
<td>-0.473252</td>
<td>0.6365</td>
</tr>
</tbody>
</table>

3.4. Discussion

For companies, increasing the company’s value is one of the main goals. An increase in company value will increase shareholder wealth. Based on the test results, it is known that the average value of mining companies is 1,808, liquidity is 309.350, leverage is 1.544, profitability is 0.054, and firm size is 29.220. The better liquidity, leverage, and profitability, the better the firm value.

The results of statistical tests show that liquidity and profitability did not affect firm value. This shows that in investing, investors do not pay attention to liquidity and profitability as a determinant of investment decision-making. The results of this study are in line with research [9,14,17].

Based on the results of statistical tests, it is known that leverage has a positive effect on firm value, meaning that increasing leverage will increase firm value. This increase in leverage will be profitable to a certain extent, but if it exceeds a certain limit, it will reduce the company’s value; thus, the decision to use debt must be truly optimal. The use of debt will control the use of free cash by the company. Increasing leverage will be a positive signal for investors. The company will use the use of debt for investment activities where the investment will increase its profits to increase the income earned by the company. The increase in profit indicates an increase in the company’s performance so that it will attract investors to buy shares, which will increase the share price and the value of the company. The results of this study support research [7,10,11,12].

Firm size does not moderate the effect of liquidity and profitability on firm value. However, firm size moderates the effect of leverage on firm value. The firm size will weaken the effect of leverage on firm value. A large company size determines that the company by assets has great capabilities so that with a large company value, the company does not need to use large amounts of debt. The size of the company will determine the financial resources that will be used by the company, given the importance of company size and financial resources when planning to introduce innovations to improve company performance [18].

4. Conclusions

The study results showed that liquidity and profitability did not affect firm value. This means that liquidity and profitability were not factors that investors consider in investing. Leverage had a positive effect on firm value. Firm size did not moderate liquidity and profitability to firm value but moderated the effect of leverage on firm value. This showed that leverage was a positive signal that was responded to by investors so that it could increase the value of the company.

REFERENCES


The Analysis Hedging and Derivative Instrument on Firm Value

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ABSTRACT
This literature review aims to explore and evaluate previous research that focuses on hedging and derivative instruments on firm value. Several frameworks are explored and discussed. In this article, there is some evidence showing that hedging and derivative instruments play a role in firm value, aiming to increase firm value. This article has been reviewed based on research findings, methodology, country studied, and year of publication. The most contributions from these 42 major research articles were from the United States (16.7%) and United Kingdom (11.9%) then the highest publications were conducted by researchers in 2014 and 2017 (28.6%) and 2020 (12%) with empirical study research methods (79%). The results show that companies use hedging to minimize risk because of exchange rate fluctuation. Non-financial companies that carry out hedging activities with derivative instruments to deal with foreign exchange exposure will have a higher firm value. For investors, the results of this study are expected to provide useful information in making investment decisions.

Keywords: Hedging, Derivative Instruments, Firm Value.

1. INTRODUCTION

The development of globalization has led to the disappearance of barriers created by barriers between countries, thus supporting the creation of international relations. This allows the company to conduct international trade and develop its business further in a broader scope. The volume of international trade is increasing rapidly, where between 1988 and 2014, exports have increased by 20 times while imports have increased by 24 times. However, companies involved in international trade will face conditions of uncertainty. International trade encourages a variety of currencies used in dealing with buying and selling transactions between various countries.

One hedging that can be used to manage risk is using derivative instrument. Derivative instruments for hedging have grown in the last few decades. The upward trend can be attributed to added volatility in financial markets worldwide.

For companies that have gone public in particular, the company's primary goal is to maximize the wealth or value of the company. The significance of firm value can be seen from the effect of this increase on the company's ability to obtain various benefits such as access to financial resources from the capital market and high selling prices or values when the company is purchased or involved in a merger. Firm value can be related to the company's market valuation as a whole and represented through stock prices for companies that go public [1]. Firm value can also be expressed in terms of perceptions formed by investors regarding the company's success in managing the company's resources in the current year [2].

Hedging with derivative instruments carried out by companies could reduce exposure and increase company value [3]. Hedging carried out by companies can reduce the possibility of companies experiencing financial difficulties and maintain business continuity from the negative impact of the risk of fluctuations in foreign exchange rates, to lead to higher shareholder value. The relationship between hedging and firm value depends on the presence of market imperfections [4]. Hedging activities with derivative instruments can affect firm value by reducing financial distress costs, taxes,
underinvestment problems, agency costs, and information asymmetry.

This study aims to determine the hedging activity with derivative instruments on firm value. Theoretically, this research is expected to provide a further understanding of how the effect of hedging activities with derivative instruments on the firm value that can support shareholder value maximization theory. Practically, this research is expected to provide an overview to non-financial companies regarding the impact of the policies and information issued on the perceptions of investors and potential investors.

2. METHODS

This article aims to compile research in the financial sector on hedging, derivative instruments, and firm value. Therefore, this discussion includes academic articles in the period 2010 to 2021. This discussion covers the following primary research databases: Emerald, IEEE, Sage, Sciencedirect, and Springer. Database searches yielded hundreds of articles. Each article is checked to ensure that its content is relevant from the point of view of the research objectives. The examination and selection of articles are based on the criteria that only articles whose main contribution revolves around the linkage of finance, hedging, derivative instruments, and firm value. This process resulted in 42 articles that were finally selected for in-depth evaluation. The description is classified by year, country, and methodology for analysis. The result is structured to provide qualitative descriptive analysis to overview research analysis of hedging and derivative instruments on firm value.

3. RESULTS AND DISCUSSION

3.1. Descriptive Analysis Results

The most important articles in this study related to hedging instruments and derivatives on firm value were identified from the International Review of Financial Analysis, Journal of Corporate Finance, Journal of Accounting Auditing and Finance, and Journal of Multinational Financial Management (28.8%), then Managerial Finance, J-Econ Finan and Finance Research Letters (14.1%). Countries that contributed to this article were the United States (16.7%), UK (11.9%), Malaysia, Germany, and India (9.5%), Turkey, Taiwan and China (7.2%) and followed by Australia, Korea, Norway (4.7%), then Italy, Spain, and Brazil (2.4%).

Research on hedging instruments and derivatives on firm value has been the object of researchers' attention until 2021. The number of articles published from 2010 to 2021 has decreased and increased. The most research in 2014 and 2017, the distribution of articles by year of publication was 2010 (7.2%), 2011-2012 (4.7%), 2013 (9.5%), 2014 (14.3%), 2015 (7.2%), 2016 (9.5%), 2017 (14.3%), 2018 (7.2%), 2019 (4.7%), 2020 (12%) and 2021 (4.7%).

Based on the research methodology of 42 articles, the most important sources of empirical evidence in the sample are qualitative approaches: empirical studies (78.6%), case studies (16.8%), surveys (2.3%), and literature review respectively (2.3%). Figure 1-3 shows the results of the descriptive analysis.

3.2. Thematic Analysis Results

Based on data articles, in general, it can be said that companies that carry out international transactions will benefit from hedging with foreign currency derivative instruments, including reducing the possibility of bankruptcy, making it easier to apply for credit to creditors, and also allowing companies to get loans with lower interest rates [5].

Foreign currency derivatives exert a more prominent impact on firm value when the exchange rate depreciates.
and when the economy is booming [6]. This is in line with research conducted by [5], [7] that say The use of foreign currency derivatives exerts a more prominent impact on firm value when the exchange rate depreciates and when the economy is booming. Firms with lower operating income margins tend to use derivatives to protect this already thin margin from the potential financial risks.

The several firm characteristics are able to explain the use of derivatives and hedging by firms, but market timing in the derivative markets is explained solely by the firm's foreign exposure, corporate governance, and the macroeconomic environment [8].

There is a hypothesis to explain the improved business value associated with hedging activities: shareholder value maximization. This idea outlines how a company's performance is assessed by its ability to increase shareholder wealth. Hedging should be implemented in a corporation to help management increase shareholder wealth by minimizing cash flow volatility. Firms with consistent cash flow might avoid situations that reduce shareholder wealth, such as the rise of financial distress costs, the cost of asset replacement, and underinvestment issues [9].

Financial anguish caused when a business has challenges, such as legal bills and bankruptcy expenditures. Stable earnings and cash flow may avert insolvency, resulting in improved firm value [7]. Asset substitution illustrates the cost of various incentives between owners and lenders. Shareholders are usually supportive when firms invest at risk since it might result in significant earnings.

One of the instruments that can be used for hedging is a derivative designated for hedging purposes. Something Derivative instruments are variable dependent because their value changes, does not or require a small initial net investment, and is settled on a specified date in the future. There are several types of derivative instruments, namely forward, futures, option, and swap contracts. According to the research results [1] the functions of derivatives hedging are better than the non-derivatives hedging methods.

The use of foreign currency derivatives, alone or along with other types of derivatives, drives firm value positively, and hedging presents an economic advantage for all firms, especially those from common law and developed countries [10]. Meanwhile, according to [11] Derivative instruments are introduced on the general expectation of controlling risk, hence the volatility in the underlying spot market, which happened in the cases of equity derivatives. The same occurred in the case of interest rate derivatives because this instrument is expected to stabilize interest rates, hence stock prices.

Underinvestment is an issue that occurs when the high cost of external funding prohibits companies from making investments in accordance with shareholder expectations, resulting in unhappiness and, eventually, a reduction in corporate value. Hedging allows the firm to have more consistent cash flow and meet its investment needs without relying too much on external finance [9]. Hedging protects the corporation against external risks such as currency, interest rate, and commodity price variations, providing for predictable cash flow and corporate profit. This circumstance must be represented in increasing business value [7]. However, [7] reveals that utilizing derivative instruments as a speculative strategy affects earnings volatility, resulting in a loss in business value. As a result, the real impact of using derivative instruments is determined by the benefits delivered to the firm [9].

Hedging with derivative instruments may surely lower a firm's risks and deliver benefits, such as a more steady profit rate [12]. Several prior research on hedging theories reveal that enterprises that employ derivative instruments have an improvement in profitability, which has proven effective in dealing with frictions in basic financial markets. As a result, a company's use of derivative instruments for hedging will result in a positive signal of more steady earnings. Investors will recognize the favorable signal, which will be reflected in the stock price [7]. A corporation that uses derivative instruments for hedging has a greater corporate value.

4. CONCLUSIONS

Based on the results of descriptive analysis and qualitative thematic analysis regarding hedging, a derivative instrument on firm value. Exchange rate fluctuation risk is one of the risks in international trade. Companies use hedging to minimize risk because of exchange rate fluctuation. Non-financial companies that carry out hedging activities with derivative instruments to deal with foreign exchange exposure will have a higher firm value. For investors, the results of this study are expected to provide useful information in making investment decisions.

REFERENCES


Analysis of Taxpayer Awareness in West Java MSME Tax Payment Compliance on E-Commerce Platform Users

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ABSTRACT
This research needs to be done to find out how much influence taxpayer awareness has on MSME tax payment compliance on e-commerce platform users. The purpose of the study was to find out how much awareness of taxpayers toward MSME tax payment compliance among e-commerce platform users. The research is expected to provide theoretical and practical knowledge for company managers, writers, communities, and MSMEs in digging up information about taxpayer awareness in paying tax compliance for MSMEs using e-commerce. This research is also expected to provide benefits in increasing the knowledge, expertise, and competence of researchers in the future. This study aims to look at the awareness of taxpayers, especially MSME actors who use e-commerce platforms in carrying out their business activities in compliance with paying taxes.

Keywords: e-commerce, tax payer, tax payment

1. INTRODUCTION

Taxes are one source of state revenue that plays an important role in the development of the country and as a determinant of the running of a country's economy [1]. Due to its very important role, the government requires Indonesian citizens to pay taxes as stated in Article 23 A of the 1945 Constitution.

People's behaviour is currently changing due to the impact of globalization, one of which is in the economic and business fields. An example of the impact of globalization in the economic and business fields is the phenomenon of the development of the digital economy which we can now see with the many e-commerce platforms in Indonesia. E-commerce itself is the impact of technological developments, causing a change in the way humans interact with the environment, which in this case changes the trading mechanism.

These changes make business people switch from conventional businesses to electronic businesses so as not to be eroded by rapidly growing technological developments. Micro, Small, and Medium Enterprises (MSME) traders are no exception to the switch to digital business by selling their wares on e-commerce platforms. Especially during this pandemic, which requires people to do everything online, including in terms of shopping, the market space in e-commerce is growing rapidly to be bigger.

The expansion of market space in e-commerce has the potential to grow high income so that it can contribute to state revenue through taxes, especially income taxes and value-added taxes [2]. The government has the right to ensure tax compliance for e-commerce players in Indonesia.

Income tax from e-commerce has been determined by the Director-General of Taxes, including the Circular Letter of the Director-General of Taxes Number S-429/PJ.22/1998 dated December 24, 1998 concerning Appeals to Taxpayers Conducting Transactions Through Electronic Commerce, Circular Letter of the Director-General of Taxes Number SE-62/PJ/2013 concerning...
Affirmation of Tax Provisions on E-Commerce Transactions, and Circular Letter Number SE-06/PJ/2015 concerning Withholding and/or Collection of Income Tax on E-Commerce Transactions. On the other hand, Cahyadini and Margana also found that the circular mentioned above could not provide a strong legal basis for regulating e-commerce actors [3]. This is a gap for e-commerce business people to avoid paying taxes. This fact proves that the level of awareness of taxpayers in compliance with tax payments on e-commerce platform users is still relatively low, therefore to prove the validation of these arguments, the authors analyzed taxpayer awareness in MSME tax payment compliance on e-commerce platform users. The attitude of taxpayers who are aware of their tax duties, as well as the use of the self-assessment system, to MSME business players in the West Java region. The author hopes that this research can help the government in obtaining tax information and can also increase awareness of e-commerce actors in tax payment compliance.

Attribution theory develops an explanation that differences in individual judgments depend on the meaning of attributions given to certain behaviors. This theory also explains the causes of various behaviors that befall a person. Attribution to behavior consists of 2 (two) sources, namely internal or dispositional attributions and external or environmental attributions [4]. Behavior caused by internal factors is behavior by a person that is believed to be under the individual's control himself or comes from internal factors such as personality traits, awareness, and abilities. While behavior caused by external factors is a person's behavior that is caused outside, notably someone's conduct, behavior caused by external factors is a person's behavior that is caused externally, as a consequence of demands from the circumstance or the environment. Attribution theory is relevant to the attitude of taxpayers because taxpayer awareness is an internal influence of someone who makes a person decide to comply or not to comply in fulfilling his tax obligations. The attitude of taxpayers who are aware of their tax duties, as well as the use of the self-assessment system, will have an impact on their ability to meet their obligations. In other words, the attitude of the taxpayer in fulfilling the obligation to pay taxes is very dependent on the behavior or decision of the taxpayer.

The Theory of Planned Behavior was put forward by Ajzen to show the relationship of behavior that is raised by individuals to respond to something [5]. The Theory of Planned Behavior states that intentions can influence individual behavior to be obedient or disobedient to tax rules and regulations. Based on the Theory of Planned Behavior, the understanding of taxation related to Individual attitudes will influence an individual's motivation to behave if they are aware of the consequences of their actions, according to behavioral belief. The level of understanding of MSME Taxpayers who use the E-Commerce platform on taxation can be assessed from their knowledge of calculating, paying, and reporting their tax payables. The higher the understanding of taxation owned by a taxpayer, the taxpayer compliance will also increase and his attitude towards taxes will change. Taxpayers who have awareness of the importance of paying taxes to support the administration of the state will of course fulfill their tax obligations (behavioral beliefs). By fulfilling tax obligations, Taxpayers need reciprocity, or trust in the fulfillment of normative expectations from others and the environment, as a motivator to continue to be tax-compliant [6].

According to Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures, Tax is an obligatory payment to the state-owned by an individual or business that is coercive under the law, without getting direct rewards, and utilized for the requirements of the state for the maximum prosperity of the people. Meanwhile, according to Sumarsan Taxes are public contributions to the state owing by persons who are obligated to pay them according to general regulations (laws) without receiving performance back and whose goal is to support expenditures [7]. General expenditure relates to the state's duty to administer the government.

There are two tax functions, namely as follows:

1. Revenue Function (Budgetary Function)
   Taxes serve as a source of cash for the government's spending. For example, the inclusion of taxes in the state budget as domestic revenue.

2. Regulating Function (Regulatory Function)
   Taxes function as a tool to regulate or implement policies in the social and economic fields. For example, the imposition of higher taxes on liquor and luxury goods can be suppressed.

Furthermore, there is what is called a tax collection system, which is a system used in imposing, calculating, collecting, and paying taxes. The tax collection system includes [8]:

1. The Tax Assessment System is a tax collecting system that allows the government (Fiskus) to calculate the amount of tax owing by taxpayers on a yearly basis in accordance with current tax laws and regulations.

2. The Self-Assessment System is a tax collecting system that allows taxpayers to calculate the amount of tax payable yearly in accordance with the current tax laws and regulations.

3. With Holding System is a tax collection system that authorizes third parties (not the tax authorities and not the relevant taxpayers) to determine the amount of tax owed by the taxpayer.
Then, the barriers to tax collection can be grouped into[8]:

a. Passive resistance, people are reluctant (passively) to pay taxes, which can be caused by several things, including: (1) intellectual and moral development of the community, (2) the tax system that is (perhaps) difficult to understand by the public, (3) the control system cannot be done or done well.

b. Active resistance includes all public efforts or actions that are shown directly to the tax authorities (tax officers) to avoid taxes. Forms of active resistance include, among others: (1) Tax avoidance refers to efforts to ease or lessen the tax burden by not breaking the law.; (2) Tax evasion is an attempt to reduce one's tax burden by breaking the law (committing tax evasion).

E-commerce is an abbreviation of electronic commerce, which means that trade is carried out electronically [9]. E-commerce is described in the book Introduction to Information Technology as "the process of purchasing, selling, transferring, or exchanging items, services, or information using computer networks, including the internet." [10].

The Directorate General of Taxes (DGT) in SE-62/PJ/2013 has mapped e-commerce into 4 (four) business models. The business model is divided as follows:

1. Online Marketplace

An online Marketplace is a business activity that provides a location for business operations in the form of an internet store from an internet mall (online shop) for Online Marketplace Merchants to offer products and/or services. Buyers make order and payment transactions to the Online Marketplace, which is a place for various merchants to market their wares. The online marketplace only acts as a sales intermediary or service provider of place and time for merchants to market their products. The online marketplace will receive income or share as payment intermediary services. The selling characteristic of this model is a permanent store in an online marketplace. In this system, offers, orders, and payments are made online. Examples of online marketplaces are Amazon.com, Tokopedia.com, Shopee.com, and Bukalapak.com.

2. Classified Ads

Classified Ads are activities that give a location and/or time for advertisers to exhibit material (text, images, explanatory videos, information, etc.) of goods and/or services. The advertiser will register and approve the agreement set by the Classified Ads Operator. The Classified Ads Operator will verify, approve the registration application and issue an invoice for the Transaction Fee. The Classified Ads organizer will provide services for providing a place and/or time for advertisers to place advertisements on the Classified Ads site.

3. Daily Deals

Daily Deals is a business activity that provides a location for business operations in the form of a Daily Deals website where Daily Deals Merchants sell goods and/or services to purchasers. This business model uses vouchers as a means of payment. Examples of Daily Deals are Lakupon.com, Dealgoing.com, and Groupon Disdus.

4. Online retail

Online Retail is the activity of selling goods and/or services to Buyers via the Online Retail site by Online Retail Operators. The Online Retail Operator will display data and/or information related to goods and/or services to be sold through the Online Retail site. The buyer will place an order through the Online Retail site. Buyers make payments by transfer to a bank account that has been determined by the Online Retail Operator, using cash (Cash on Delivery) or in other ways specified. The Online Retail Operator will deliver goods and/or services to buyers. Bidding activities are carried out online, but orders and payments can be made online or offline. Examples of this classification are Bibli.com and Lazada.com.

Through Government Regulation (PP) Number 23 of 2018, trade-in e-commerce is subject to final income tax with a tax rate of 0.5% calculated from monthly turnover. Subjectively and objectively, online/E-commerce trade entrepreneurs are subject to income tax by Government Regulation No. 23 of 2018 on Income Tax on Business Income acquired or collected by taxpayers with a specified gross turnover. Individual taxpayers, Subjects are corporate taxpayers in the form of cooperatives, limited partnerships, businesses, or limited liability corporations that receive or generate money in online trading with a gross turnover of less than Rp. 4,800,000,000.00 in a single tax year. individual tax and corporate tax subject. So in general, E-commerce actors also have tax duties, beginning with registration, computation, payment, and reporting, which are governed by the Directorate General of Taxes' laws and regulations.

Taxpayer compliance refers to the attitude of taxpayers who endeavor to follow all tax requirements without being obliged to do so. Regulation No. 74/PMK.03/2012 of the Minister of Finance of the Republic of Indonesia, Concerning Procedures for Determining and Revocation of Determination of Taxpayers with Certain Criteria in the Framework of Preliminary Refunds of Tax Overpayments, it is stated that in order to be determined as Taxpayers with Certain Criteria, Taxpayers must meet the requirements as following:
a Timely in submitting the Notification Letter;

b Tax arrears do not exist for all forms of taxes, with the exception of tax arrears for which authorization to make installment payments or postpone tax payments has been granted;

c Financial statements are audited with an unqualified opinion by a public accountant or a government financial supervisory body for three (three) years in a row; and

d Never been convicted of a tax-related offense based on a court judgment with permanent legal effect within the previous 5 (five) years.

Please note that the existence of E-Commerce also influences the taxation sector. Where in this sophisticated era, business people tend to modify the way they run their business. Businesses with an E-Commerce platform also certainly help with tax receipts, because of buying and selling transactions and the increasingly rapid velocity of money with E-Commerce. Aware of the surrounding conditions, the Directorate General of Taxes is targeting online business (E-Commerce) players through expanding collaboration with several government agencies.

The government has published Minister of Finance Regulation (PMK) Number 210/PMK.010/2018, which addresses the tax treatment of trade transactions conducted via electronic systems. The government does not impose a new tax type or rate on e-commerce players.

This regulation clarifies taxation processes and procedures to promote administrative simplicity and encourage tax compliance of e-commerce players in order to establish parity with conventional company actors.

The points of regulation in Number 210/PMK.010/2018 are as follows:

1. For traders and service providers who offer on the marketplace platform:
   a Notify the marketplace platform provider with your Taxpayer Identification Number;
   b If you don't have an NPWP, the entrepreneur can either (1) register to receive one or (2) tell the marketplace platform provider of the Population Identification Number;
   c Carry out income tax duties in accordance with applicable laws, such as paying final tax at a rate of 0.5 percent of turnover if turnover does not exceed Rp. 4.8 billion in a year, and
   d Confirmed as a Subject to tax Entrepreneur if annual profit reaches Rp. 4.8 billion and VAT responsibilities are met in accordance with applicable legislation.

2. Responsibilities of marketplace platform providers:
   a Have NPWP, and confirmed as PKP;
   b Collect, deposit, and report VAT and PPh on behalf of merchants and service providers while providing marketplace platform services;
   c Collect, deposit, and report VAT and PPh on the sale of products owned by the marketplace platform provider, as well as
   d Report a recapitulation of transactions made by merchants using the platform.

Marketplace platform providers are entities that provide facilities that operate as electronic markets enabling platform users to offer products and services to potential purchasers. In Indonesia, well-known market platform providers include Blibli, Bukalapak, Elevenia, Lazada, Shopee, and Tokopedia. In addition to these firms, over-the-top participants in the transportation sector are categorized as marketplace platform providers.

3. For e-commerce outside the marketplace platform:

Business players who trade products and services through online retail, classified advertisements, daily deals, and social media are obliged by applicable rules to comply with PPN, PPnBM, and PPh requirements. Before this Number 210/PMK.010/2018 comes into effect on April 1, 2019, the Directorate General of Taxes (DGT) will carry out socialization to e-commerce players, including marketplace platform providers and traders who use the platform.

So In general, e-commerce players have tax duties, beginning with registration, computation, payment, and reporting, which are governed by the Directorate General of Taxes' laws and regulations.

Taxpayer awareness is a state in which a taxpayer is aware of, recognizes, respects, and obeys the applicable tax provisions and has the sincerity and desire to fulfill his tax duties. Taxpayer awareness with four dimensions, namely: perception of taxpayers, knowledge of taxation, characteristics of taxpayers, and tax counselling. Taxpayers are said to be aware of paying taxes when they have a positive perception of taxes, have sufficient knowledge about taxation, have obedient characteristics, and have received adequate counselling. According to Muliari and Setiawan, the higher the level of awareness of taxpayers, the better understanding and implementation of tax obligations to increase taxpayer compliance [11]. Taxpayer awareness of the tax function is critical in order to improve taxpayer compliance.

The results of research by Jihan and Purwaningrum stated that taxpayer awareness partially and significantly
influences taxpayer compliance with e-commerce sellers [13]. This demonstrates that the greater the taxpayer’s awareness, the greater the taxpayer's compliance. If the taxpayer is aware of his rights and obligations in paying taxes, he will make the taxpayer aware of the rights and obligations the tax complies with. So that the public and especially entrepreneurs who use E-Commerce are obedient in paying taxes to the state. The results of this study support the results of previous studies [13,14], where the results of the study state that taxpayer awareness has a significant influence on taxpayer compliance.

Awareness affects taxpayer compliance of e-commerce entrepreneurs in taxation, because the real awareness is from within, when a taxpayer is aware of his need to pay taxes, he will do so without compulsion. Based on the description above, the first hypothesis is as follows:

H1: Taxpayer awareness has a positive effect on MSME tax payment compliance users of the E-Commerce platform

2. METHODS

2.1. Types of research

This type of research is included in the category of library research. Library research is a systematic activity that collects, processes, and concludes data using certain methods/techniques to identify solutions to issues encountered through library research. The study of literature is linked to theoretical studies through allusions to values, culture, and norms that arose in the social setting under consideration.

2.2. Collecting Method

This study relied on qualitative data in the form of an overview of MSME taxes in Indonesia. The source of data used in this study is a secondary source. Secondary data is information derived from firm records or documents, government publications, media industry analyses, internet sites, and the like. In this study, researchers collected secondary data from scientific works and literature studies on MSME knowledge of tax compliance to construct a model framework for this research.

2.3. Data Collection Technique

This study uses secondary data as a data collection method. The data is obtained or sourced from textbooks, previous research, laws, and regulations related to taxation and MSMEs, and news from the mass media which is accessed openly via the internet and official website pages.

2.4. Analysis Method

This research begins by collecting all information related to the subject matter, then analyzing the information based on theories, expert statements, and current conditions. Data analysis was carried out using data analysis, namely analyzing and comparing the data obtained from several previous studies so that they could provide information and draw broader conclusions.

3. RESULTS AND DISCUSSIONS

3.1. Taxpayer's perception

Perception in the Indonesian Dictionary is defined as a direct response from a person or the process of someone knowing some things through his five senses. From this explanation, it can be concluded that perception is a process that starts from sight to form a response that occurs within the individual. A positive perception will encourage taxpayers to be more willing to pay taxes, while a negative perception will have the opposite effect [15]. Perception will show an understanding of something so that if MSMEs can understand what tax obligations are, how to calculate taxes correctly, how to report taxes in the current era of digital technology, and the importance of tax revenue to finance national development, they will certainly be able to increase their willingness to pay taxes.

The results of research by Prawagis show that taxpayer impression has a strong favorable influence on MSME taxpayer compliance [16]. From the results of the study, it can be concluded that taxpayers have acted obediently or fulfilled their tax obligations from the taxpayer's point of view which encourages taxpayer awareness to fulfill obligations. The awareness of taxpayers to fulfill their tax obligations will increase if there is a positive perception in society toward taxes.

3.2. Tax knowledge

Taxation knowledge is defined as the ability of individuals who are taxpayers to know the basics of imposing the applicable tax, this includes the benefits obtained when reporting taxes, applicable tax rates, and imposed according to class, as well as regulations, applicable taxes [14].

An understanding of the meaning and benefits of taxation can increase taxpayer awareness [17]. This is because taxpayer compliance is an individual awareness that encourages taxpayers to carry out their tax obligations by applicable laws and regulations [18]. If the taxpayer understands the knowledge that the tax collected by the government aims to benefit the government and himself, then the taxpayer will tend to
comply, which is due to the taxpayer's desire to maximize his profits [19].

Based on the results of research by Patriandari and Safitri shows that understanding tax regulations affects taxpayer compliance with e-commerce users [20]. And it can be inferred from this study that the taxation of e-commerce users in the Bekasi city region is extremely excellent at comprehending tax rules, which can influence the degree of awareness in tax payment compliance.

### 3.3. Characteristics of taxpayers

According to Haryaningsih and Abao, Taxpayers' qualities, as expressed by cultural, social, and economic factors, will dominantly impact their behavior, as demonstrated in their level of awareness in paying taxes [21].

Characteristics of taxpayers can be seen in gender, age, and education. In addition to individual characteristics, several things can affect taxpayer compliance for MSME owners, such as line of business, a form of business, sales and income level, reporting, and filing of tax returns. Business fields and forms of business have a relationship with taxpayer compliance, where the more legal entities the business is, the more taxpayer compliance will also increase. Gender is associated with male and female gender differences [22].

The results of the research by Hasanudin et, al. show that the level of income from the use of e-commerce by online shopping business actors in Jakarta does not affect the level of compliance as a taxpayer [23]. The results of this study support previous research conducted by Arisandy [13] which states that high or low income by online shopping business actors does not affect taxpayer compliance.

Online shopping business actors still understand and are aware of the provisions of the applicable tax laws, fill out tax forms completely and clearly according to the income earned, and are always on time in submitting SPT and paying taxes every year, because it is the obligation of a taxpayer. Therefore, e-commerce actors who have high or low incomes will still comply and be aware of the provisions of the legislation, and carry out their obligations as taxpayers.

### 3.4. Tax Counseling

According to the Circular Letter of the Director-General of Taxes Number: SE -98/PJ/2011 concerning guidelines for preparing work plans and reports on tax counseling activities for vertical units within the Directorate General of Taxes, tax counseling is defined as an effort or process of providing tax information to produce changes in knowledge, skills, and the attitude of the community, the business world, officials, as well as government and non-government institutions to be encouraged to understand, be aware, care and contribute in carrying out tax obligations.

If taxpayers' awareness is deemed to be inadequate, the Directorate General of Taxes must provide tax counseling. Thus, the various programs provided aim to increase public awareness and compliance in terms of taxation. This tax counseling is also considered a form of concern or direct action from the government to the community and can be said to always involve the community in the country's development process.

In essence, the existence of tax counseling activities carried out indirectly aims to build awareness and increase public understanding, knowledge, and insight regarding the applicable tax system and regulations, especially regarding how to carry out tax obligations by the law. aims to improve compliance with the fulfillment of tax obligations.

Irwansah and Akbal state that Tax socialization is an endeavor of the Directorate General of Taxes to give understanding, information, and guidance to the general public and taxpayers in particular about tax laws and regulations [24].

The results of research by Maxuel and Primastivi [25] show that tax socialization has a significant effect on e-commerce MSME taxpayer compliance. The results of this test prove that the compliance of e-commerce MSME taxpayers will increase if taxpayers receive and participate in tax socialization such as seminars and tax counseling. In addition, because information regarding tax provisions can already be known through various media such as print media and electronic media such as banners, advertisements, and tax websites, it will be easier for taxpayers to get information about tax provisions. Receiving and participating in tax socialization, can increase the motivation, knowledge, and insight of taxpayers to behave obediently to their tax obligations.

### 4. CONCLUSIONS

Based on various secondary data that is the reference in this study entitled "Analysis of Taxpayer Awareness in West Java MSME Tax Payment Compliance on E-Commerce Platform Users" it can be concluded that taxpayer awareness as a variable in this study shows a significant influence on MSME tax payment compliance. E-commerce platform users.

Taxpayer awareness consists of several indicators, including (1) Taxpayer Perception, 2) Taxation Knowledge, (3) Taxpayer Characteristics, and (4) Tax Counseling. It can be said that taxpayers are said to be aware if they have these indicators, which will give birth to an obedient attitude towards taxation.
Compliance is reflected in taxpayers, namely compliance in leveling themselves, compliance in calculating and paying taxes, compliance in reporting taxes to compliance with the imposition of tax sanctions.

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The Potential of Bank Venture Debt Financing for SMEs/Startups in Indonesia

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ABSTRACT

Venture Debt brings a new financing direction for SME/Startup. This paper aims to analyze the potential of Bank Venture Debt in Indonesia and the expected impact on the performance of SMEs/startups, exploring the risk and the risk countermeasure for banks. Through qualitative research method with literature review and theory, and venture debt modal to conduct detailed analysis and with the Indonesian SMEs/startup and Bank related personnel interviews to support the result of research of Bank Venture Debt. The results show that the venture debt is feasible to implement in Indonesia. Due to the rapid development of the market, changes in demand and supply have led to the positive impact being more significant than the negative impact for SMEs/startups, but in terms of market compliance and the bank's operating system is still blank and needs more strategy and policy support from the government. The end of research based on the Indonesian environment puts forward the potential solutions to venture debt.

Keywords: Venture Debt, Financing Tool, SMEs/Startups, Performance Impact, Bank Risk Aversion, Indonesia

1. INTRODUCTION

With the continuous development of economic globalization and the development of SME/startups can precisely reflect the competitiveness of a country in the global economy. However, there are two main reasons why SMEs/startups financing is difficult in the stage of development: The cost-benefit ratio tends to grow negatively, leading to investors are difficult to judge what kind of return the SMEs/startups invested can get in the future development. SMEs/startups are that they have no or few credit records. Generally speaking, SMEs/startups are at a disadvantage in the whole market environment.

This paper will conduct a potential of Bank Venture Debt from the financial environment of Indonesia, and summarize the expected impact on SME/Startup by combining the demand and supply of Venture Debt in Indonesia. And combined with the operation and compliance risks and other comprehensive analyses, put forward solutions for the development of Bank Venture Debt in Indonesia.

To solve the issue of financing difficulties of SMEs/start-ups in Indonesia, this paper makes a potential analysis through the new funding product-Bank Venture Debt, to improve Indonesia's global competitiveness at the SMEs/startups level.

According to the national conditions of each country, there are already many countries around the world offering Venture debt products for SMEs/startups to promote the development of new enterprises.

Global - The United States is the first country to provide Venture debt. In the early 1990s, the Silicon Valley Bank took the lead in creating the linkage business of investment and loans and successfully transformed from a traditional bank into a world-famous technology bank. In British, the "Business Growth Fund" was established in April 2011, aimed at SMEs to provide...
equity investment funds to support the development of enterprises.

China - Venture debt is known as an investment-loan linkage in China. In 2016, the investment-loan linkage of Scientific and Technological Entrepreneurs for the first time. By 2017, the Bank of China had provided the investment-loan linkage service for more than 2,500 technology enterprises, with total financing of more than 25 billion yuan.

Indonesia - In 2019, Bank CIMB Niaga and Genesis Alternative Ventures established venture debt to finance startups in Indonesia by setting up an initial fund of 300 billion Rupiah. Indonesia’s BRI Ventures’ new option is called BVI Venture Debt and the initial offering will be as much as IDR 60 billion. Generally speaking, only a small number of financial institutions in Indonesia provide Venture Debt for SMEs/startups at present, but the requirements are mainly based on stable cash flow. The Indonesian market is optimistic about the prospect of Venture Debt, but it needs more time for the market to accept this new financing product.

Venture debt is a form of financing that combines direct and indirect financing, the model refers to the combination of "Debt+Equity" of financial institutions such as banks [1], Venture Debt is not only a product of banks and other financial institutions for the purpose of profit but needs the support of the government, the development of relevant policies and the establishment of relevant Venture capital funds to help the capital market of SMEs/startups, as well as the control of risks faced by banks and other financial institutions [2].

A mezzanine loan - This is a form of financing that is between senior debt and equity financing in terms of risk and return. As shown in Fig. 1., the golden period of Venture Debt is in the early stage of Series A and Series B after SMEs/startups successfully exit the Valley of Death.

Debt - Venture debt, as a combination of debt and equity, is essentially a subprime loan that orders as collateral in the early stage. During the financing period, SME/startup must repay its loans and repay the corresponding interest to the financial institutions.

Equity - Warrants mean that a party to an agreement can buy its shares at an agreed time at an agreed price. SME/startup obtains corresponding financial support through its Warrant as a mortgage, and the bank obtains double income through lending to SMEs/startups, namely debt income and equity income.

1.1. Literature Review

Based on the literature review, this part concludes that there are 2 major features of Venture debt in the financial market:

- **Medium and Short-term loans with Shorter Financing Cycles.**

When SME/startup conducts external equity financing, which mainly depends on the development stage of the company, the type of financing, the amount of financing, and the internal process of the investment institution. From Table I. that showed venture Debt is a "Debt+Equity" model, the essence of Venture Debt is still Debt financing. As a general pre-loan due diligence, it usually takes about 1-3 months for the bank. Venture Debt has a much smaller funding cycle than equity.

**Table 1** comparison apply and return cycle between 3 major type of financing

<table>
<thead>
<tr>
<th>Type of Financing</th>
<th>Rights</th>
<th>Collateral</th>
<th>Apply Cycle</th>
<th>Return Cycle</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Loan</td>
<td>Debt</td>
<td>Fixed Assets</td>
<td>1-3 Months</td>
<td>6-24 Months</td>
<td>No/lack for Fixed Assets</td>
</tr>
<tr>
<td>Venture Debt</td>
<td>Debt+Equity</td>
<td>Warrant</td>
<td>1-3 Months</td>
<td>First: 6-24 Months Second: 3-7 Years</td>
<td>Temporary cashflow impact</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>Equity</td>
<td>Shares</td>
<td>6-18 Months</td>
<td>3-7 Years</td>
<td>Equity Dilution</td>
</tr>
</tbody>
</table>

Resource: Collect from website

- **Unsecured or less Collateral and with Warrant.**

As an asset-light company, SME/Startup is seldom able to provide fixed assets. And after the SME/startup decides to sign the warrant agreement and before the execution of the warrant, the financial institution will be more focused on the point of paying off the bank’s monthly accounts payable to maintain a good credit record. Meanwhile, the Focus Point in Table 2, Conventional Loan mainly aims to ensure the safety of
the loan, while Venture Capital mainly focuses on sustainability and long-term returns. Venture Debt falls right in the middle.

Table 2 comparision focus point in dd process between 3 major type of financing

<table>
<thead>
<tr>
<th>Type of Financing</th>
<th>Focus point in Due Diligence Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Loan</td>
<td>Repayment Ability, Collateral(Fixed Assets, Deposit, etc)</td>
</tr>
<tr>
<td>Venture Debt</td>
<td>Company and Founder Background, Business Size, Cashflow(Runway), Business Forecasting, etc</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>Background, Monetization model, growth, Cashflow(Runway), Sustainability and scalability, etc</td>
</tr>
</tbody>
</table>

2. METHODS

2.1 Research Design

Since Venture Debt figures don't make a special distinction in the company's financial statements, Therefore, this study decided to use Qualitative analysis. By analyzing through the Literature review, Interviews, and Participation Observation to get the information about the characteristics of Venture Debt in the macro and microenvironment Indonesia, and summarizing the supply-side and demand-side of Venture Debt in the Indonesian market, this paper provides an analytical basis for the potential of Bank Venture Debt and provides the solution for the potential of Bank Venture Debt in Indonesia.

2.2 Data Collection

Literature review - As a fundamental part of the research, Collecting and reading a large number of Venture Debt-related literature and materials, to analyze the characteristics and to understand the overall development of Venture Debt in the world. Through the literature on the Financing of SMEs/startups, this paper analyzes the pain points encountered by SMEs/startups in Financing. Then, the potential of Bank Venture Debt is further analyzed by reading the literature about the actual market situation in Indonesia and analyzing the risk points that the bank pays attention to in expanding its business. And through the comparative analysis of the characteristics of Bank Venture Debt and SMEs/startups, we finally, find out the solution for the risk for Bank Venture Debt.

Interview - Since the main objects of this study are commercial banks and SME/startups in the Indonesian market, the mode of the interview is adopted in the process of research. The interview is mainly divided into the following four steps: (1) Create the Interview questionnaires and ensure the expected answer for questions. The Interview of this study is mainly divided into 2 parts: senior management of SME/Startup and senior management of banks; (2) Determine the relevant interviewees and appoint the interview time; (3) Conduct interviews and take notes; (4) Make a summary of Interview Questionnaire after the Interview Participation Observation - Based on the experience in the financial institution and banking industry, combined with the operation mode and risk of bank loan, combined with the interview of relevant bank personnel, this paper analyzes the potential of developing Venture Debt for banks, and puts forward the development direction and effective suggestions.

2.3 Data Collection Analysis

Data Analysis is mainly divided into two parts. The first part uses the Analysis model to analyze based on theoretical knowledge, and the second part summarizes the Analysis results based on the first part combined with the interview results to verify the Analysis results.

This paper will analyze Venture Debt Model in combination with the compliance requirements of Indonesia, and conclude the compliance risk and risk response plan of Bank Venture Debt in Indonesia.

3. RESULTS AND DISCUSSION

For SME/startup, there are high risks and costs in the early stage of development, and a large number of talents and funds are needed in the early stage, including in the middle stage of market expansion, and a large amount of cash flow is also needed to support the rapid expansion of the business.

3.1 Demand of Venture Debt

As of May 2019, data from the Indonesian Information and Communication Technology Creative Industries Association (MIKTI) shows that of the 1,009 start-up companies in Indonesia, 52.7% are located in the Jabodetabek region. The Minister of Communications and Information also explained that according to the Startup Ranking page, Indonesia ranks fifth in the number of global start-ups, with 2,193 in 2019, second only to the United States, India, the United Kingdom, and Canada a. According to the latest data, Indonesia has 816,000 small and medium enterprises, employing 7.9 million people, contributing 27% of GDP b. According to estimates by the International Finance Corporation (IFC), 54% of SMEs in Indonesia are interested in getting bank loans. The SME Finance Forum report shows that the need for financing by Indonesian SMEs/startups is
much higher. According to the report, Indonesia's financing to MSMEs is the US $56.6 billion, with potential demand of US $222.4 billion, while the financing gap for MSMEs is the US $165.8 billion, equivalent to 19% of GDP.

SMEs/Startup should grow faster than the economy as a whole, and a major problem for SMEs in Indonesia is and remains access to finance. In a survey, 15% of SMEs listed lack of capital as one of their top three business challenges. Informal SMEs (19%) are significantly more affected, but semi-formal SMEs (10%) and formal SMEs (11%) also face this barrier c. In general, Indonesia is in a period of rapid development of SME/Startup, and the issue of financing difficulties for SME/Startup is gradually exposed in the development stage.

3.2 Expected Impact on the performance of SMEs/startups

According to the characteristics of Bank Venture Debt, this part will analyze the impact of Bank Venture Debt on the performance of SMEs/startups in combination with the characteristics of SMEs/startups.

The Positive and Negative Impact of cash flow on performance, based on the interview, one of the interviewees said, if SMEs have enough cash flow, we can develop every business that we want to develop. Bank Venture Debt will have two impacts on cash flow: The positive impact on development efficiency, the more abundant cash flow, the higher the efficiency of business development. The negative impact of interest on cash flow, SMEs/startups need to pay the corresponding interest to obtain the loan.

The Positive Impact of Warrant on performance, the bank venture debt has a Warrant. Based on the interview, one of the interviewee from SMEs mentioned, that we are very hard to get a loan from a bank without a fixed asset. In the bank venture debt, a warrant is equivalent to the existence of collateral. This means that SME/Startup has broadened a financing channel and found a network for subsequent financing. The cost of funds of the bank is originally lower than that of other financial institutions and the dilution degree of equity is also included. The higher the valuation of the company, the fewer shares the investor can get. But based on the interview there are two of the interviewees were reminded that the Owner must calculate the Warrant very carefully to ensure that the owner will not be affected when the investor executes the warrant.

The Positive Impact of cooperation with banks on performance. This is not only because of the lower cost of funds but also because of the ability to tell investors a better "story". Based on the interview, one of the interviewees said, Banking Industry is a "Trust Business", based on trust and credit. Cooperating with the bank means not only for a better reputation but also for the funding network and on the basis of cooperation with the bank, will be easier to win the trust of investors.

3.3 Supply of Venture Debt

As of June 2020, there were about 1.53 thousand rural banks and 110 commercial banks available. According to OJK and Satista's statistics for the period ending March 2021, The top 5 banks (Bank Rakyat Indonesia, Bank Mandiri, Bank Central Asia, Bank Negara Bank Tabungan Negara) account for nearly 50% of the total assets of the banking system. However, the proportion of loans to SMEs/startups in all Indonesian banks is only 11%, which indicates that banks need to pay more attention to the development of SMEs/startups. Bank Indonesia regulations instruct all commercial banks in Indonesia to channel a minimum of 20% of their total loans to SMEs in 2018. During the interview with the relevant personnel of the startup, he mentioned: Although Bank Indonesia has this 20% requirement for all commercial banks, more commercial banks will choose to pay Bank Indonesia a penalty.

In recent years, digital transformation has become a new trend in the development of the financial industry. With the increase of options for potential customers, the market share of banks has gradually declined. Therefore, in addition to digital transformation, banks should also innovate their existing businesses and expand the scope of financial services. They must maintain and increase their market share and reduce the impact of market competition with digital finance.

3.4 Compliance Analysis

The Financial regulatory authorities in Indonesia are mainly the Financial Services Authority (Otoritas Jasa Keuangan-OJK) and the Bank of Indonesia. In addition to explicit ratio and numerical accident in various data indicators of the bank, there are also clear stipulations on the investment behaviors in the banking industry, such as the proportion of the investment amount to the overall core equity of the bank and the industry requirements for investment. According to Articles 3 and 5 of POJK 6/2016, the participation of commercial banks classified as Buku 1 is prohibited. Only commercial banks classified as Buku 2 or above can participate in the investment. Meanwhile, Article 3 of POJK 36/2017 stipulates that banks can only participate in equity stakes in financial services companies.

At present, OJK does not have clear regulations on Venture debt products, and mainly focuses on the
supervision of banks and traditional financial products. Based on the interview, Interviewees from banks mentioned that Regulation does not have a part about Venture Debt, but I believe there will be when the market matures.

3.5 Financial Analysis

Venture Debt is a product of competition in this emerging market. From Table 3 we can see that in the data of these 7 banks, the average interest rate of their loan products for SMEs is 13.2%, and most of them require SMEs to provide the collateral. Venture debt is essentially a subprime loan that Warrants as collateral in the early stage. Due to the high risk of subprime loans, the interest rate of subprime loans is usually 2% ~ 3% higher than that of ordinary mortgages. Therefore, when the bank develops the product of venture debt, the interest rate can be increased from the average value of 13.2% to 14.2% - 16.2%. At the same time, when the warrant expires and the bank exercises its conversion rights, the converted SME/Startup shares may become another part of the bank’s income.

Table 3 The comparison of the lending product for SME from several bank

<table>
<thead>
<tr>
<th>Bank</th>
<th>Bank-Level</th>
<th>Target Market</th>
<th>Product</th>
<th>Interest</th>
<th>Collateral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Bank</td>
<td>2</td>
<td>UMKM</td>
<td>CommBank BizLoan</td>
<td>14.3%</td>
<td>No</td>
</tr>
<tr>
<td>Bank Sampoerna</td>
<td>2</td>
<td>UKM</td>
<td>Kredit Mikro</td>
<td>17%</td>
<td>Yes</td>
</tr>
<tr>
<td>Sinarmas</td>
<td>2</td>
<td>UKM</td>
<td>SIMAS UKM</td>
<td>16%</td>
<td>Yes</td>
</tr>
<tr>
<td>HSBC</td>
<td>3</td>
<td>UKM</td>
<td>Pinjaman Usaha</td>
<td>14.4%</td>
<td>Yes</td>
</tr>
<tr>
<td>Bank DKI</td>
<td>3</td>
<td>UKM</td>
<td>Monas UMK</td>
<td>15%</td>
<td>Yes</td>
</tr>
<tr>
<td>Danamon</td>
<td>4</td>
<td>UKM</td>
<td>Solusi UMK</td>
<td>9.6%</td>
<td>Yes</td>
</tr>
<tr>
<td>Mandiri</td>
<td>4</td>
<td>UMKM</td>
<td>Kredit Usaha Rakyat</td>
<td>6%</td>
<td>Yes</td>
</tr>
</tbody>
</table>

a. Resource: Collect from each website of the bank
b. UMKM: Micro, Small, and Medium Enterprises; UKM: Small and Medium Enterprises
c. With this comparison of 7 traditional UMKM products, the average interest rate is 13.2%

3.6 Technical Analysis

On the market, Fig 1. has shown two general models of operation of the Venture Debt, there is the "Bank + subsidiary" model and the "Bank + VC/PE" model.

Through these two analyses of these two models, there are two important points for the bank: (1) Risk tolerance, Although banks cover by raising interest and Warrant, the bank is determining the development of venture. Before debt, it is necessary to evaluate the risk more carefully. (2) Internal operating capabilities. In the pre-lending stage, banks need to have an understanding of their own internal operating capabilities, including talent capabilities and operating procedures.

3.7 Risk Analysis

Through analysis in the Indonesian market, there are 3 major risks can be seen in Fig 1:

Market Risk – In order to reduce the exchange rate cost, SME/Startup will seek financing through other channels. As a result, the banking industry cannot occupy the market share of SME/Startup customers in terms of interest income. Secondly, a large number of foreign funds pouring into the Indonesian market will lead to the devaluation of the Indonesian rupiah, which may lead to the re-emergence of inflation.

Compliance Risk - (1) In the regulation of BI and OJK, there is definitely the type of collectability, mention the Non-Performing Loan(NPL) cannot be above 5% and mention about the bank’s should strict management of its own asset quality and various data are still hard indicators that banks face. (2) The compliance risks encountered by banks also include the implementation of Warrant. (3) When an Indonesian bank Venture Debt executes its warrant, it may involve overseas laws. It could escalate into an international legal dispute.

Operation Risk - For bank loan products, the increase in the number of SMEs/Startups led by asset-light tech players is a new field for the bank’s risk control system. The traditional risk management system based on the collateral will move to the risk management system of Venture Capital and pay more attention to the business volume of SME/Startup and the forecast of future development. The bank needs new talents to enter the entire risk control system to reassess the risk points of the entire product. In general, the risks of Indonesian banks' operations are mainly due to the lack of knowledge of
Venture Debt products and the lack of relevant talents who can implement the risk control system.

3.8 Banks’ risk countermeasures for Venture Debt

There are mainly three important parts involved: the stability of the bank's internal risk management system, how to transfer, and how to improve the operating system:

Robust risk management system. According to the characteristics of Venture Debt business, combined with the existing credit review system of the bank, conduct various pre-loan due diligence on SME/startup. In the early stage of customer development, it is necessary to establish a minimum standard for the bank to accept potential customers, such as time of establishment and Runway, etc. When the real due diligence begins, in addition to confirming the repayment ability of the SME/startup, it also needs to confirm the execution of the SME/startup, which also includes a prediction of the future development of the SME/startup. In the process of post-loan can set different post-loan supervision requirements for SME/startup based on the due diligence results of post-loan.

Potential risk transfer. Risk transfer is a way that banks often use to avoid risks. Venture Debt is a credit loan product, when SME/startup cannot repay, it will lead to the increase of non-performing loans of the bank. Therefore, the purchase of insurance for loans has become one of the risk diversification methods of Venture Debt, thus increasing the bank's ability to resist risks. Assignment/sale of venture debt and find a partner with higher risk acceptance and assign Venture Debt Assignment/Sale to another financial institution to ensure that Venture Debt is not beyond the risk range that the bank can bear.

Complete Operation System. Bank can cooperate with VC/PE companies and VC/PE pays more attention to the future development of SME/startup when conducting due diligence on customers, while banks pay more attention to the customer's ability to repay the amount. The bank can cooperate closely with VC/PE to ensure that the customer's loan can be repaid on time, and it can also understand the development prospect of SME/STARTUP and judge the execution ability. On the other hand, the bank can set and manage the liquidity and non-performing loan and determine the proportion of Venture Debt in all the bank products, so as to ensure that the overdue Venture Debt will not greatly affect the overall business of the bank.

Option of the debt-for-equity swap, after the loan part of the Venture Debt, has been paid off, it can be converted into shares so as to increase the Investment return of the bank as long as the loan is still warranted within the term of validity.

4. CONCLUSIONS

Given the rapid development of the economy and the proliferation of SME/Startup, Bank Venture Debt can solve and can quickly provide cash flow, it also can broaden the network for future financing of SME/Startup with a small impact on ownership. Bank Venture Debt is potentially feasible under the circumstances of financial markets and the need for Bank transformation. The current market in terms of compliance and the bank's operating system is still blank for Venture Debt, which will be a challenge for Bank Venture Debt. How the bank expands the product and with which model of Venture Debt will ultimately depend on the planning of a development direction of the financial market by the regulator.

The government should more carefully in light of the current economic development speed of Indonesia and the historical development of other countries, point out the development direction for new possibilities and new products in the financial market and formulate relevant laws to make Indonesia's financial institutions more diversified at the business level. And the government need to educate SME/startups and ensure that they can maximize their own performance during business development, so as to strengthen the competitiveness of SME/Startup and improve the overall competitiveness of the entire country in the international market. The bank should update its Risk Management system and operating system in a timely manner in accordance with the development of the market, and be able to prepare for new opportunities while waiting for the market to mature. At the same time, we will introduce more talents with relevant experience to keep pace with the market at any time to ensure that we are ahead of competitors and maintain market competitiveness at any time.

REFERENCES

Never-Ending the Application of Double Tax Treaties to Foreign Direct Investment

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ABSTRACT
Foreign Direct Investment (FDI) plays an important role in avoiding double taxation of income in the two countries. Double Tax Treaties (DTT) is the main instrument to coordinate international taxation directly or can also be called a bilateral agreement between countries. In many developing countries, DTT can inhibit FDI because they also enable the exchange of information between tax authorities. Considering that, it is an empirical question about whether DTT helps attract FDI or not, a wider and broader discussion is needed to fully comprehend the resulting dynamics in such developing countries. To this end, the current study aims at reviewing and discussing DTT and FDI, as it is considered key that the relationship between DTT and FDI is crucial for taxes revenues performance. The body of knowledge that is created here is meant to support mainly students and practitioners, but also researchers, which are addressing the problem of DTT and FDI in developing countries.

Keywords: Double Taxes Treaties, Foreign Direct Investment, Developing Countries, Tax Revenues Performance.

1. INTRODUCTION
Investment in economic development for developed countries and developing economies has an essential role in business worldwide. It helps in economic development in today's economy, financial stability, decreasing unemployment rates, and increasing the nation[1].

With globalization, it is crucial to realize that market integration is still limited in absolute terms. Foreign operations of multinational companies throughout the world produce only about 9% of global output. Exports of goods and services add up to 29% of world GDP, but even that number drops to around 20% if we adjust for output across the border more than [2]. This means has potential cross-border improvement and world economic linkages [3]–[5]. Modern globalization is acceptable for companies and investors because it actively strengthens an individual's roles through innovation and increased productivity and can potentially unify all knowledge in the world's development process with unprecedented opportunities for productivity growth [6]. Foreign direct investment is needed to apply modern globalization in worldwide business [7]. FDI is an investment made with another country by an investor who must invest fully because of the entire business or partnership. It allows investors to get different opportunities than their own country and can access other countries' markets [7]. FDI plays an important role in avoiding double taxation of income in the two countries. Double Tax Treaties (DTT) is the main instrument to coordinate international taxation directly or can also be called a bilateral agreement between countries [8]. Also, there is another dilemma that some countries base taxes on the residence or citizenship principle. In contrast, other countries base taxes on the source principle [9], and the impact of bilateral tax treaties on foreign direct investment (FDI) is still unclear. This ambiguity is evident from the relatively broad empirical view that DTT variations in taxation affect the distribution of FDI activities [10]. The fact that DTT is challenging is negotiated and implemented. Blonigen & Davies [11] find strong positive effects (at least sometime after the DTT signature) of 'old' tax treaties on FDI using 1966-1992 US data, the Empirical model using the Gravity and Markusen model. However,

Double Tax Treaties are not easy to implement because many studies have different results. Some researchers claim that there is evidence of a positive, negative, and null relationship. This paper examines the literature on the impact of double tax treaties on FDI in various countries, especially developing countries. Some studies have different research results; some researchers provide conflicting evidence. DTT can inhibit FDI because they also enable the exchange of information between tax authorities. Therefore, it is an empirical question about whether DTT helps attract FDI or not. So far, empirical evidence on this issue is inconclusive. Consequently, from the explanation above, this study examines the literature on the extent to which some tax treaties attract foreign direct investment.

Double tax is the taxation of the same income or capital from taxpayers in the same period in two jurisdictions [16]. The tax system designed by DTT references each country; this is useful so that no two or more countries can tax the same income on cross-border transactions [24],[25]. DTTs using for precluding DTT in countries. According to Ahmed & Giafri, there are two ways to prevent DTT. First, the first state allocates to countries that sign exclusive taxation rights or taxation rights granted to two countries with the mechanism provided; second, taxation rights are the first state's authority [25].

DTTs preclude double taxation in one of two ways by Ahmed Bin Saghir Ahmed & Najmiddin Mustafa Giafri: one of the countries has exclusive taxation rights or both. If the two countries have tax rights, several exceptions will be given, such as tax credits. DTTs provides for the exchange of information to help prevent tax avoidance and evasion between two countries that agreed. In addition to avoiding double taxation, DTT also aims to attract direct investment from other countries, avoid tax avoidance, allocate tax rights between the signatory countries, and provide legal certainty [25].

2. METHODS

Research is a systematic review. This research data comes from the literature obtained through the internet in the form of student research results on a double tax treaty on foreign direct investment in various countries published on several websites such as Scopus, Emerald, Scholar, and others. After searching through the website, research data on a double tax treaty from 2000 to 2018 amounted to 100 studies consisting of 100 journals. The data was then narrowed based on themes related to foreign direct investment by 48 researchers. It is done to maintain the recency of writing based on the latest research results. The search begins by specifying a set of keywords and possible combinations that can be significant for the Double Tax Treaties and Foreign Direct Investment. Keywords related to other important concepts analyzing are possible Double Tax Treaties, and Foreign Direct Investment also used.

3. RESULTS AND DISCUSSION

The following result section summarizes prior studies' findings on the impact of DTTs on FDI, with the literature divided into four groups with findings. According to conclusions, the studies sorted indicate that DTT has a positive effect, a negative effect, no effect (null), and mixed effects on FDI. Specific studies that investigate the effect of DTT on FDI typically use the Tinbergen gravity model [26],[27] or the Markusen capital-knowledge model [28],[29].

3.1. Positive Effect

Hines examined the effects of the 'tax sparing' agreement rather than DTT on Japanese FDI [30]. This paper state a 'tax sparing' agreement in developing countries exists 1.4 to 2.4 times higher than what it would have been otherwise. Di Giovanni examined the impact of macroeconomic and financial variables on merger and acquisition activities as a cross-border FDI component from 1990 to 1999 [17]. They were using samples from 193 countries, using gravity models and F.E. techniques.
In this paper, the indicator FDI variable is the aggregate data on cross-border mergers and acquisitions: Flow, for the DTT indicator, is DTT. The results found that an increase in cross-border acquisition activities accompanied tax agreements. The caveat of the study is that mergers and acquisitions may not result in any net increase in actual FDI since the activity may constitute nothing more than one foreign investor selling interests in foreign assets to another.

Neumayer (2007) used a dataset from 1970 to 2001, a sample of 114 host countries. He provides DTT signing with the U.S. or other developed countries to increase FDI inflows to developing countries by statistical evidence [18]. However, it should be noted about the substantial costs incurred by developing countries in negotiating, signing, and withdrawing DTT and losses in tax revenue compared to the benefits shown from signing DTT in the form of higher FDI increases. He also estimated the effect of OECD DTT on total FDI in developing countries and concluded that there was a positive effect of DTT on FDI.

Azémar et al. study the effect of 'tax sparing' clauses in the period 1989-2000 with a sample of 26 developing countries [31]. The results show that the comparison between tax- sparing and non-tax-sparing countries is 3:1. Investors are very concerned about the tax provisions in select locations [31]. It can conclude that the tax sparing clause positively influences the location of Japanese FDI. Barthel et al. [32] state that foreign investment for the host country is positively related to DTT; this is estimated by statistical results that show that DTT is insignificant [32]. However, substantively DTT can attract more FDI, provide capital gains, and increase competition in the host country. Their study considers DTT as an essential policy tool using a sample of 30 sources and 105 host countries. They have access to a larger sample built from aggregate data [17], [18].

Weyzig analysed structural determinants of FDI diversion via the Netherlands that uses Dutch microdata of shell companies in 2007 and analyses treaty shopping as a determinant of FDI [33]. The author finds that the shares of bilateral FDI flows through the Netherlands had higher points with a tax treaty route between the home and host country via the Netherlands. This article also provides some evidence of investment treaty shopping via Dutch SPEs as well.

Hearson [34], this paper has replicated two studies that resulted from negotiating tax agreements, integrating fiscal content data and tax agreements by adding fiscal data from Prichard et al. [35] for research by Barthel and Neumayer [20] and Hearson [36] for research by Schwarz [37]. The results of this study indicate that developing countries tend to make agreements with rich countries.

3.2. Negative Effect

Desai et al. analyzed investment decisions by foreign affiliates owned by Americans abroad, finding that taxes have a real and statistically significant negative impact on investment [38]. Egger et al. examine that DTT has two primary goals: eliminating double taxation for cross-border activities and tax avoidance and evasion prevention [39]. This study uses an OECD sample out of our FDI during the 1985-2000 period and identified that the DTT effect was negative on FDI. Our general equilibrium model explained if tax revenues are spent on public infrastructure to reduce plant set-up costs. It might also indicate that a bilateral tax treaty's tax avoidance aspect is present in our sample. Coupé et al. [40] use smaller bilateral data samples that find that bilateral investment treaties (BITs) have a positive impact on FDI, while DTT has an insignificant impact. They present evidence that countries with signed BITs with OECD countries will receive more FDIs while signing DTTs exerts no effect [40].

Blonigen & Davies analyzed bilateral FDI and OECD out of the country from 1982 to 1992, the empirical model used was the Markussen model with the econometric technique POOL, Fixed. The results of this study using ordinary least square estimation (OLS) found that the presence of DTT was associated with higher bilateral FDI flow and stock [13]. However, with the development of research that distinguishes between old DTT and new DTT, this new agreement does not positively affect FDI in OLS Estimates. In estimating fixed effects, which are only based on variations in the data, the old agreement concluded before the sample's start is not relevant to the estimate. The effect on the estimation of the agreement becomes even negative. Likewise, Blonigen & Davies [12], in the FDI analysis in and out of the U.S. during the period 1980 to 1999, the empirical model used was the Markussen model with the Fixed. econometric technique. This study found that the U.S. agreement during this period did not have the best statistically significant effect and the worst negative effect on inbound and outbound [12].

Davies [14] confirms insignificant and negative findings from both studies and finds irrelevant results when looking explicitly at DTT renegotiation [14]. Egger et al. [39] used OECD data from 1985-2001, with the model marked as the empirical and econometric models using differences in differences. This study estimates the effect of tax treaties on the bilateral outward FDI of the sample countries. This study found negative results between DTT and FDI. There is a reason that DTT is an endogenous event, so the division of the two groups was carried out; namely, this treatment group includes 67 observations, while the control group without agreement includes 719 observations [42].
3.3. No Effect

Davies [14] uses both inbound and outbound US FDI data from 1996 to 2000 using Markusen as an empirical model and OLS as an econometric model. This study’s results cannot consider this evidence very slowly because we could not observe FDI activities before this agreement existed [14]. It may be since data on aggregate FDI activity is not suitable for addressing whether this issue is related to corporate-level behavior behind the overall results, and also that the additional possibility of not promoting FDI activities by the new agreement is that the agreement can increase investment uncertainty, at least in short-term. Moreover, this study shows that, during this sample period, 20 treaty renegotiations took place. The overall finding is that the revisions are generally insignificant with negative coefficients, indicating no strong positive effect of treaty renegotiations on FDI. On the other side, Blonigen & Davies [12], except having a negative effect, also have investigated the US FDI flows from 1980 to 1999 and find that DTTs concluded by the U.S. during this period had no significant effect on inward and outbound FDI.

Baker [16] uses transition countries from 1991 to 2006 with the Markusen model as an empirical model and differences in an econometric model; this study fails to document a significant impact of DTTs on FDIs. Thus, the author recommends that the strategy makers of least developed countries (LDC) investigate the costs and benefits of signing a new treaty and only sign such treaties if the benefits outweigh the costs.

Baker [16]. uses U.S. data from 1992, 1994, and 1996, with an alternative model. This study found that the failure to select variables for host country governance quality can lead to simple cross-section regressions to produce misleading implications that tax treaties encourage US FDI Coupé et al. [40] researched 17 sources and nine host economies from 1990 to 2001. This study shows that no consistent results were found as a sign. The estimated agreement coefficient's statistical significance depends on the estimators used (OLS, random effects, effects fixed, two-stage least squares).

3.4. Mixed Effects

Neumayer (2007) uses developing countries from 1970 to 2001 with an alternative model as an empirical model and F.E. as an econometric model. The result of this study is Positive in middle-income developing countries [18]. Davies et al. [14] use Swedish countries from 1965 to 1998 with the Gravity model as an empirical model and OLS, and Probit as an econometric model. The results provide mixed information; No results for profit, but new affiliates stated positively [41]. Egger [39] uses 187 signatory countries from 1900 to 2013, with the most essential observable except DTT (economic and political) determinants as an empirical model and Exponential-family generalized-linear models as an econometric model. The result shows Heterogeneous, only for the Specific content of DTT [42]. Kumas & Millimet [23] use a sample of Blonigen & Davies [12], with a Model similar to the Markusen model, and OLS, panel data as econometric data. The result shows heterogeneous: Positive effects of DTTs at lower quantiles of the distribution of FDI, but negative effects in the upper quantiles. This study has three conclusions: First, bilateral tax treaties in the statistical sense significantly impact the distribution of both U.S. inbound and outbound FDI. Second, there is evidence that the effects of symmetrical distribution are related to the direction of capital investment in our chosen specifications. Third, while the decision to model FDI in the level versus log is significant in the previous regression analysis [12],[50], it is far less in the distribution analysis.

Blonigen & Davies [13] used 23 developed source countries from 1982 to 1992 by analyzing the effects of old and new DTT on FDI using OECD data on bilateral FDI stocks and flows. This study states a positive relationship between the presence of DTT and higher stock and FDI flows. The authors also found that when "old DTT" concluded years before their study period distinguished from "new DTTs" entered during the observed period, the authors found that the new agreement did not have a positive effect on FDI activity. The combined effect of both the first and second agreements has a significant effect.

Sato [21] analyzes the impact of new and revised tax agreements in Japan on FDI and evaluates DTT's effect on Japanese FDI. This study states that for FDI in the long term, the new agreement has a significant positive impact, but the significance disappears after the revision.

Millimet & Kumas [23] used using detailed U.S. company-level data from 1987 to 2007 available through the U.S. Bureau of Economic Analysis. This paper provides two additional pieces of evidence between high and low countries; the results are positive for the high countries low and negative. These effects are mainly in the short term.

4. CONCLUSIONS

The conclusion of a literature review regarding the effect of DTT on FDI sorted according to conclusions indicates that DTTs have a positive effect, a negative effect, no effect (null), and mixed effects on FDI.

First, a few studies have stated that there are positive influences, as follows: Di Giovanni, used a sample of 193 countries from 1990 to 1999 [17]; Neumayer used a dataset from 1970 to 2001 and 114 host countries [18]; Azémard et, al, using 26 developing countries for the 1989–2000 period[31]; Barthel et al. [32], state that after controlling for various determinants of bilateral FDI
stocks [32]; Weyzig [33] analyzed shell companies in 2007 and analyzed tax treaty shopping as a determinant of FDI at the Netherlands [33]; Lejour (2014) using of all OECD countries from 1985 [43]. Hong (2018); use 70 countries in 2012 [23]; Hearson [34] replicated two studies, and Lejour [43] using of all OECD countries from 1985. Hong (22); use 70 countries in 2012[23]; Hearson (2018) focuses on DTT and analyzes its impact on FDI in and out of Spain from 1993 to 2013[34].


Third, a few studies have stated that there is no effect influence, as follows: Davies (2003) uses both inbound and outbound U.S. FDI data from 1996 to 2000[14]; Baker (2014) uses transition countries from 1991 to 2006 and Baker (2014), uses U.S data 1992, 1994 and 1996[16].


REFERENCES


The Investor Sentiment and Market Reaction Before and During the Covid-19 Pandemic on Indonesia Stock Exchange

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ABSTRACT
This research was conducted to analyze investor sentiment on market reactions over two different periods. The analysis was conducted before and during the covid-19 pandemic on the Indonesia Stock Exchange. Investor sentiment uses trading volume proxies and consumer confidence indexes while market reactions use The Composite Stock Price Index (IHSG) proxy. Data collection with documentation and using a quantitative approach. The results prove that before the covid-19 pandemic investor sentiment did not influence the market reaction. On the contrary, during the covid-19 pandemic investor sentiment influenced the market reaction. Trading volume is a variable that has a positive and significant effect on IHSG, otherwise, the consumer confidence index does not affect IHSG. During the pandemic, the share price was at a low point and consumer confidence dropped to pessimistic. At short-selling, irrational investors will tend to make transactions, when their pessimistic investors buy falling stocks in the hope of higher returns after the pandemic. Investor sentiment causes a difference in stock price sensitivity patterns. Investor sentiment produced by trading volume is a source of positive risk caused by information that existed during the Covid 19 pandemic.

Keywords: Consumer Confidence, Investor Sentiment, Stock Prices, Stock Volume, IHSG.

1. INTRODUCTION

World Health Organization (WHO) explains that Coronaviruses (Cov) are viruses that infect the respiratory system. This virus infection is called covid-19. Coronavirus causes common colds to more severe diseases such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). The virus is rapidly spreading and has spread to several countries, including Indonesia. Transmission of covid can be infected through various means, namely a). Holding the mouth or nose without washing your hands first after touching objects affected by a splash of saliva sufferers Covid-19, b). Accidentally inhale a splash of saliva from sneezing or coughing covid-19 sufferers. c). Close contact with covid-19 sufferers.

The spread of coronavirus is very fast even to the whole country. The spread of coronavirus has spread to various parts of the world including in Indonesia. In Indonesia, the spread of the virus began on March 02, 2020, and has had an impact on the Indonesian economy, both from trade, investment, and tourism factors. Coronavirus also has an impact on investment because people will be more careful when buying goods or investing. Coronavirus also affects market predictions.

Another factor, coronavirus not only has a negative impact but can also have a positive impact on the Indonesian economy. One of them is the opening of new export market opportunities other than China. In addition, this opportunity to strengthen the domestic economy can also be carried out because the government will prioritize and strengthen domestic purchasing power rather than attracting profits from abroad. This condition can be used
as a correction so that investment can be stable even though the global economy is unstable [1].

In the study of behavior in the field of economics, the emerging economic behavior [2], states that individuals in assessing and choosing alternative decisions are not always consistent and rational with the theory of the utility of goods/services. This theory assumes that the individual who makes the decision is rational, but often the decision-maker is not rational at the time of making his choice.

The efficient market theory states that investors cannot use publicly available information such as historical stock prices or trading volumes to find excess returns on the stock market [3]. However, financial conduct studies have provided empirical evidence that investor sentiment and their behavior can significantly affect asset returns and create overpayments.

Investor sentiment is the view or opinion of investors anticipating the share price in a market. Investor sentiment will react positively if the market gives a positive sentiment, and vice versa [4]. Reference [5] stated that the investor sentiment arose due to the tendency of investors to speculate. Such sentiment drives relative demand for speculative investments. Reference [6] found that the sentiment expressed by journalists could drive a broad index. There are always events in the stock market when investors overreact to some news either positively or negatively [7]. The Composite Stock Price Index (IHSG) is a value used to measure the performance of stocks listed on a stock exchange. So IHSG is something data about the movement of the combined stock price used to measure the ability of stocks listed on a stock exchange until a certain time.

Reference [8] found that shares in the news caught the attention of individual retail investors and led to their buying.

Investor sentiment is often referred to as market sentiment, which cannot be calculated, but some indicators support the emergence of such sentiment. Supporting indicators such as the investor's view of each cash flow of each company, then the volume trading conducted by investors when conducting transactions on the exchange, and consumer confidence index that can affect investor sentiment.


Trading Volume. Reference [12] states that a trading volume is several stocks traded daily. So the large trading volume proves that the stock is buying a lot. News from the Wall Street Journal about public companies and codes them according to positive or negative words to analyze implicit sentiment. Positive and negative sentiment predicts trading volume [13].

Consumer confidence. Reference [11] stated that Consumer confidence is the confidence of consumers about how the current economic situation in a country. So, there is an organization that conducts surveys in several regions to find out how consumers view the current economic situation.

The theory of the consumer confidence index is a composition used to measure the ability and willingness of one individual to buy the hope that there may be additional information to determine consumer behavior [14]. Reference [15] was used as a survey of business data from the European Commission and financially interested organizations.

Figure 1 shows the development of IHSG stock price in Indonesia before the covid-19 period and during the covid-19 period, namely from November 2018 to April 2021.

![Figure 1. IHSG Development in Indonesia](image-url)
Figure 1 shows that IHSG's share price initially fluctuated steadily. Then in March 2020, IHSG moved down drastically to the lowest point. The very low decline in IHSG occurred during the start of the covid-19 outbreak in Indonesia on March 15, 2020. This makes investors take steps to secure their shares so as not to lose money. After that, IHSG's share price began to improve and increase, although it still did not return to normal.

The purpose of this study is to analyze and prove the influence of investor sentiment on the Indonesia Stock Exchange before and during the covid-19 pandemic. The research looks at how investors view stock price movements before and during the covid-19 pandemic. Investors also pay attention to the volatility of the stock price, which is how the share price rises and then falls drastically at the lowest point during the pandemic. This condition is called negative investor sentiment. Similarly, when the share price is from falling to the lowest price, then it starts to improve and moves upwards. This condition is said to be positive investor sentiment, and it is investors may be prepared to sell. Investor sentiment can also be attributed to behavioral finance, investor sentiment can be overconfidence.

This phenomenon of overconfidence sees the behavior of investors who feel confident with the purchase of the shares they choose. However, this overconfidence behavior makes investors usually become noise traders, which is the habit of investors not to look at the fundamental analysis side but to look at trend analysis only. So investors are too quick to make decisions in the purchase of the shares they choose.

Based on this study several similar studies have been conducted by other researchers, but there are differences of opinion with the results obtained. Previous research on investor sentiment and market reaction or stock performance, namely Reference, [16-19] research shows that investor sentiment affects stock returns or market reactions in the stock market. Reference [10] suggested that the overconfidence of investors significantly affected the return of shares on the Tehran Stock Exchange.

Other research from reference [20,21] shows that the volume of each trading transaction affects the relationship between trading volume and stock price volatility or market reaction. In contrast research [22], [23] stated no relationship between trading volume and returns on stock indices on the stock market. In addition, research [24,25] suggests an influence between consumer confidence and stock prices. In contrast to research [26], it states that the relationship between consumer confidence and stock prices is counterintuitive.

The difference between this research and previous research is that previous research was examined outside Indonesia and at a time when the economy is still stable while this research was conducted in Indonesia before the covid-19 pandemic and during the covid-19 pandemic. The covid-19 pandemic is an interesting period to research because the occurrence of covid-19 has a tremendous impact on the world at large and for Indonesia in particular.

A. Framework

Based on the background, the theoretical approach, and relevant research, the frame of thought in this study can be seen in Figure 2.

Based on the frame of thought that has been expressed above, the hypotheses of this study are:

H1= Trading volume and consumer confidence are variables that affect IHSG on the Indonesia Stock Exchange before the covid 19 pandemic. H2 = Trading volume and consumer confidence are variables that affect IHSG on the Indonesia Stock Exchange during the covid 19 pandemic.

2. METHODS

The subjects of this study were the Indonesia Stock Exchange and Bank Indonesia. IDX provides data on research objects in the form of trading volumes of all companies that go public and the composite stock price index (IHSG). The data is obtained through wwwFinance.yahoo.com and www.idx.co.id sites. BI provides data for consumer confidence index research objects. This data is obtained www.bi.go.id site.

The dependent variable used in this study is the Composite Stock Price Index (IHSG) closing price each month (closing price) before and during the covid-19 pandemic period from November 2018 to April 2021. The independent variable used in this study is the trading volume which is the monthly average volume for the period November 2018-January 2020 as many as 627-671 companies, while the period February 2020-April 2021 increased by 677-717 companies. Consumer confidence index data obtained secondary data from the Bank Indonesia website (www.bi.go.id) conducted by Bank Indonesia. If the index is above 100 it means optimistic, otherwise below 100 means pessimistic. Monthly historical data of consumer confidence index from November 2018 to April 2021.

The sampling method used is non-probability sampling, using the purposive sampling technique with the number of observation samples based on the 2018-2021 study monthly. The data used in this study is secondary data. The analysis techniques used in this study are multiple linear regressions with 2 equations, namely before the covid-19 pandemic in 2019 and during the covid-19 period in 2020. Multiple linear regressions with the formula: \[ Y = a + b_1 \ln X_1 + b_2 X_2 + e \]
3. RESULTS AND DISCUSSION

Descriptive analysis are presented with 2 tables, namely description analysis before the covid 19 period and description analysis during the covid 19 pandemic.

Table 1. Descriptive Analysis Before the Covid-19 Period

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>LnTrad Vol1</td>
<td>15.41</td>
<td>16.89</td>
<td>16.40</td>
<td>0.40</td>
</tr>
<tr>
<td>Cons Conf1</td>
<td>118.40</td>
<td>128.20</td>
<td>124.51</td>
<td>2.66</td>
</tr>
<tr>
<td>IHSG1</td>
<td>5940.05</td>
<td>6532.97</td>
<td>6272.44</td>
<td>177.73</td>
</tr>
</tbody>
</table>

Table 2. Descriptive Analysis During the Covid-19 Pandemic

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>LnTrad Vol1</td>
<td>15.46</td>
<td>17.20</td>
<td>16.30</td>
<td>0.62</td>
</tr>
<tr>
<td>Cons Conf1</td>
<td>77.80</td>
<td>117.70</td>
<td>91.10</td>
<td>11.84</td>
</tr>
<tr>
<td>IHSG1</td>
<td>4538.93</td>
<td>6241.80</td>
<td>5362.08</td>
<td>554.03</td>
</tr>
</tbody>
</table>

Based on Table 1 which describes the analysis before the covid-19 period, it can be known that IHSG has an average of 6272.44 every month while in Table 2 during the covid 19 pandemic the average IHSG decreased to 5362.08. In addition, the average consumer confidence before the covid 19 period of 124.51 fell to 91.10. Although consumer confidence and IHSG decreased the average trading volume was almost the same before and during the covid 19 pandemic, which was 16.30.

The results of this study produced two equations, these two equations have been tested with a classic assumption test so that the resulting coefficient value is good or unbiased. Based on the results of the analysis obtained that the results of this study are normally distributed, free from multi celerity, heteroscedasticity, and autocorrelation.

Table 3. Analysis Before the Covid-19 Period

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Value t</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2145.83</td>
<td>0.778</td>
<td>0.452</td>
</tr>
<tr>
<td>LnTrad Vol1</td>
<td>0.122</td>
<td>0.465</td>
<td>0.650</td>
</tr>
<tr>
<td>Cons Conf1</td>
<td>26.058</td>
<td>1.484</td>
<td>0.164</td>
</tr>
<tr>
<td>R  = 0.420</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj.Rsquare</td>
<td>0.039</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F statistics</td>
<td>1.284</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sign F  = 0.312</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 1 which describes the analysis before the covid-19 period, the value of adjusted determination coefficient R2 is 0.039 or 3.9%. This result shows that a very small change in the value of IHSG is explained by trading volume and consumer confidence of only 3.9%, while the value of the adjusted R2 coefficient of determination during the covid-19 pandemic is 0.684 which means that the change in IHSG can be explained by trading volume and strong consumer confidence of 68.4%. The remaining 31.6% were explained by other variables outside the study model.

Table 3 of the results of research before the covid-19 pandemic Fount value of 1.284 with a significance of 0.312. This means that simultaneous trading volume and consumer confidence do not affect IHSG changes. In Table 3 the results of this test by looking at the significance value, it can be concluded that
a). Before the covid-19 period, trading volume did not affect the IHSG, while during the covid-19 pandemic, trading volume had a positive and significant effect on the IHSG.

b). Partially, consumer confidence has no significant effect on the IHSG, both before covid-19 and during the covid-19 pandemic.

The influence of investor sentiment is the market reaction before and during the covid-19 pandemic.

The results of this study showed before the covid-19 period investor sentiment produced by trading volume and consumer confidence did not influence the market reaction projected by the IHSG Composite Stock Price Index. Before the pandemic, the stable state situation did not trigger to make a lot of investments because of the stable return on return. This research is done by research [28] suggesting that the impact of investor sentiment on market reactions is temporary. So it could be that sentiment doesn't affect stock price changes, unless extreme investor sentiment can trigger a market reaction.

In addition, Reference [29] suggests that the performance of stocks was different before and after the 2007 crisis. Similarly, Reference [30] that there are differences in the influence of fundamental factors on the performance of stocks before and during the economic crisis of 2007.

Reference [11], found that if investor sentiment is at a low position, then the returns are relatively high for low capitalization with smaller company sizes, new stocks, high volatility stocks, unprofitable stocks, stocks that do not pay dividends, speculative companies with the extreme growth potential of stocks, and distressed stocks, then investors will reduce their investments. But when investor sentiment is at a high, then some stock categories are relatively low.
On the contrary, the results of research during the covid-19 pandemic investor sentiment had a significant effect on the market reaction. This result is by the theoretical framework that has been discussed previously that states trading volume and consumer confidence are variables that affect the composite stock price index (IHSG) on the Indonesia Stock Exchange during the covid-19 pandemic. During the pandemic, the stock price was at a low point and consumer confidence declined flat below 100 which means that pessimistic investor confidence, turns out that low stock prices can trigger investors to invest in the hope of higher returns after the pandemic, thus affecting the market reaction.

The results of this study agree with [5] which states that at the time of short-selling has a larger price than at the opening and closing of long positions, then irrational investors will tend to make transactions and increase liquidity, at a time when investors are optimistic they will buy stocks that are rising while when investors are pessimistic they buy stocks that are falling. The results of this study are reinforced by [18] research on investor sentiment which can lead to differences in stock price sensitivity patterns. Research [19] also stated investor sentiment was one of the possible causes of asymmetric stock market reaction.

The results of this study support the empirical study of [17] research that investor sentiment is a positive and significant risk factor in the Mexican stock market. Research [4] that investor sentiment had a positive and significant effect on market reaction.

**The effect of trading volume on the Composite Stock Price Index before and during the covid-19 pandemic**

Partially the results of this study stated that before the covid-19 period volume trading did not affect the composite stock price index (IHSG). The results of this study agree with the research of [22] that the trading volume has nothing to do with returns on Greek stock indices. The results of this study were reinforced by [23] which suggested that trading volume does not always have a significant relationship with stock returns due to fundamental factors that further influence market reaction.

In contrast to the results of research during the covid-19 pandemic that the volume trading has a direct and significant influence on IHSG. So, the higher the trading volume, the higher the IHSG. Trading volume exerts a dominant influence. During the covid-19 pandemic trading volume in IDX is quite high, this affects IHSG. This study agrees with research [20] finding that there is a significant relationship between trading volume and returns on the Taiwan Stock Index using the VAR method. Trading volume is a source of risk resulting from the information available.

Reference [31] stated that using trading volume as a proxy since their arguments about active trading involve the attention of investors in analyzing portfolios and fundamental assets. This result is reinforced by [21] that trading volume affects the share price, this is due to the imbalance of stock demand-supply is an important factor that affects stock returns.

**The Effect of Consumer Confidence on the Composite Stock Price Index before and during the covid-19 pandemic**

The results of this study show that before and during the covid-19 pandemic consumer confidence did not have a significant influence on IHSG. consumer confidence decreased before and during the covid-19 pandemic which is below the number but does not influence the market reaction.

Reference [25] said about the level of consumer confidence that describes how consumer confidence in the economic situation and their income ability, these two factors can affect people's economic decisions such as saving, investing or shopping activities. The results of research [26] also stated that the relationship between consumer confidence and share prices is counterintuitive.

4. CONCLUSIONS

Before the covid-19 period, investor sentiment consisting of trading volume and consumer confidence did not affect the market reaction generated by IHSG. Conversely, during the covid-19 pandemic investor sentiment had a significant effect on the market reaction. Investor sentiment causes differences in stock price sensitivity patterns. Investor sentiment is one of the causes of the stock market reaction.

REFERENCES


The Effect of Profitability and Liquidity on Firms Value

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ABSTRACT
This study aims to determine the description of Profitability as measured by Return on Equity (ROE), Liquidity as measured by the Current Ratio (CR) and Firm Value as measured by Price to Book Value (PBV) and the influence between these variables. This research uses descriptive and verification research methods. This research was conducted on 4 companies in the Cosmetics and household goods sub-sector listed on the Indonesia Stock Exchange (IDX) with data ranging from 2011-2018. Samples were taken using purposive sampling technique with several criteria. Because the data are panel data, to test the effect between variables, panel regression analysis is used. The research findings show that profitability has a positive and significant effect on firm value. Furthermore, liquidity has a negative and insignificant effect on firm value. The results of the model fit test show that simultaneously profitability and liquidity have an effect on firm value.

Keywords: Profitability, Liquidity, Firms Value.

1. INTRODUCTION

Currently the goal of maximizing profits is considered inappropriate, the main goal of a company is to maximize company value and prosper shareholders [1]. Firm value is closely related to stock prices. Companies with stock prices tend to be high, which means that the company also has a high company value. Many people believe that investor confidence in the company is caused by the high value of the company. To increase the value of the company, it improves its performance through achievements shown by the increase in the company's stock price [2] The value of the company is considered absolute because it illustrates how the company's financial performance will ultimately lead to the desire of investors to invest their capital in the company [3]. High company value will provide returns for shareholders so that this value will be viewed by investors as important information [4].

The PBV ratio often changes as is happening in the consumption sector. The dynamics of PBV in more detail will be presented by looking at the percentage of each other consumption sub-sector on the IDX from 2011 to 2018 in Figure 1 below:

![Figure 1. Average PBV of the Consumption Sector](source: www.idx.co.id (data reprocessed))
From Figure 1, it is known that there are fluctuations in several sub-sectors in the consumption sector. The sub-sectors that experienced increased were the pharmaceutical sub-sector and the household appliances sub-sector. Meanwhile, the sub-sectors that experienced a decline were the cosmetics and household goods sub-sector, the food and beverage sub-sector, and the cigarette sub-sector. The decline that occurred is known to coincide with the decline in the Indonesian Composite Stock Price Index (JCI). Therefore, it can be concluded that the sub-sector that experienced a decrease in PBV or the largest decline in company value was the cosmetics and household goods subsector, so the researchers decided to research these sub-sectors. Of the many factors that affect the value of the company, the factor that is considered important for investors when evaluating the company’s prospects in the future, of which is understanding the company's profitability growth rate [5]. Profitability is the income earned by the company from the company's activities during a certain time. The higher the level of profitability of a business entity, the survival of the business entity will be more secure [6].

The signal theory states that a high ROE value will give managers the confidence to provide more detailed information because managers want to convince investors that the company can generate good profitability. Decision-making by analyzing the ROE ratio will be very helpful for investors. The greater the ROE value, the greater the share price, because the company will receive higher income or income so that the value of the company will increase [7]. Profitability has a significant positive effect on firm value, according to research conducted by [8];[9];[10].

In addition to profitability, liquidity is also a factor that affects firm value. Liquidity is an indicator that shows that the company can repay all short-term financial liabilities at maturity using existing capital [11]. Companies with good liquidity will be judged by investors as having good company values and will attract investors to put their capital in the company.

Liquidity is usually measured using the current ratio (CR), which is the ratio of current assets per current debt [12]. Instead, companies that have a high CR signal that the company has a great opportunity to develop their own company and ultimately increase the value of the company. High creditor confidence in providing funds is caused by information that the company to be funded has a high liquidity value, this situation will increase the value of the company [13]. Liquidity has a significant positive effect on firm value, according to the results of research researched by references [14],[15];[16].

2. METHODS

This study was conducted to determine the effect of profitability and liquidity on firm value. The object of this research is profitability, liquidity, and firm value. The independent variables in this study are profitability as measured by return on equity (ROE) and liquidity as measured by the current ratio (CR). While the dependent variable is a firm value measured by price to book value (PBV).

The subjects in this study were the cosmetics and household goods sub-sector companies, while the unit of analysis was the financial statements of the cosmetics and household goods sub-sector listed on the Indonesia Stock Exchange for eight consecutive years, from 2011 to 2018.

In this study, the data used is combined data between cross-section units covering 4 sub-sector companies of cosmetics and household needs listed on the Indonesia Stock Exchange and longitudinal units for 8 years, from 2011 to 2018.

This type of research is descriptive and verification research. The sampling technique in this study is purposive sampling, namely the selection of samples based on certain criteria. Based on the sampling technique, the samples in this study amounted to 4 companies. Hypothesis testing using t-test (partial significance test) and F test (simultaneous significance test). The data analysis method used is panel data regression analysis with the help of Eviews Version 10 software.

3. RESULTS AND DISCUSSION

The research was conducted by 4 companies in the sub-sector of cosmetics and household goods, there are PT. Martina Berto Tbk, PT Mustika Ratu Tbk, PT Mandom Indonesia Tbk, and Unilever Indonesia Tbk.

3.1 Results

Descriptive Statistical Analysis

According to Kaza et al. [17] descriptive statistics are used to summarize data in an organized manner by describing the relationship between variables in a sample or population.

Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>PBV</th>
<th>ROE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>mean</td>
<td>13.40125</td>
<td>33.97969</td>
<td>350.6222</td>
</tr>
<tr>
<td>median</td>
<td>1.265000</td>
<td>8.930000</td>
<td>3605150</td>
</tr>
<tr>
<td>Maximum</td>
<td>82.44000</td>
<td>135.4100</td>
<td>1174.290</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.210000</td>
<td>-37.98000</td>
<td>60.56000</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>22.97202</td>
<td>53.71921</td>
<td>244.2157</td>
</tr>
</tbody>
</table>

Source: Eviews 10 output data
In the Table 1, the maximum value of the PBV variable is 82.44000, the minimum value of the PBV variable is 0.210000, the mean value of the PBV variable is 13.40125, and the standard deviation value of the PBV variable is 22.97202. The maximum value of the ROE variable is 135.4100, the minimum value of the ROE variable is -37.98000, the mean value of the ROE variable is 33.97969, and the standard deviation of the ROE variable is 53.71921. The maximum value of the CR variable is 1174.290, the minimum value of the CR variable is 60.56000, the mean value of the CR variable is 350.6222, and the standard deviation value of the CR variable is 244.2157.

**Assumption Test**

**Multicollinearity Test**

Multicollinearity is a phenomenon when two or more variables are correlated, if this happens, the standard error of the coefficients will increase [18]. Multicollinearity test is carried out when you want to check whether or not there are similarities between independent variables and control variables between variables in a model. A good regression model basically has no correlation between the independent variable and the control variable.

**Table 2. Multicollinearity Test.**

<table>
<thead>
<tr>
<th></th>
<th>ROE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>1.000000</td>
<td>-0.586210</td>
</tr>
<tr>
<td>CR</td>
<td>-0.586210</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source: Eviews 10 output data

Based on the results of the multicollinearity test in the table, it is known that the coefficients of all X variables are low, namely less than 0.80, the researchers conclude that there is no multicollinearity in this study. This means that the profitability variable (ROE) and the liquidity variable (CR) are not related.

**Heteroscedasticity Test**

Heteroscedasticity test has the purpose to see there is the absence of unevenness variants and residuals from one observation to observe the other in the regression model. If the residual variance from one observation to another is constant, it is said to be homoscedasticity, and if the variance is different, it is said to be heteroscedasticity. The regression model is considered good if there is no heteroscedasticity or what occurs is homoscedasticity. The method used to detect heteroscedasticity in this study is to use ARCH. If hypothesis testing is done by t-test for independent variables < 0.05 then the model is declared heteroscedasticity, whereas if > 0.05 then the model does not experience heteroscedasticity.

**Table 3. Multicollinearity Test**

<table>
<thead>
<tr>
<th></th>
<th>F-statistics</th>
<th>Prob. F(1,29)</th>
<th>0.6639</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.204670</td>
<td>Prob.ChiSquare(1)</td>
<td>0.6510</td>
<td></td>
</tr>
</tbody>
</table>

Source: Eviews 10 output data

Based on the above table, the p-value is expressed by the value of Prob. Chi-square (2) on Obs * R-squared is 0.6510. Because the p-value is 0.6510 > 0.05, the regression model is homoscedastic or does not occur heteroscedasticity.

**Table 4. Autocorrelation Test**

<table>
<thead>
<tr>
<th>R-squared</th>
<th>Mean dependent var</th>
<th>13.37047</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.841187</td>
<td>Adjusted R-squared</td>
<td>22.98968</td>
</tr>
<tr>
<td>0.830234</td>
<td>SE of regression</td>
<td>7.423693</td>
</tr>
<tr>
<td>9.472360</td>
<td>Sum squared resid</td>
<td>7.561106</td>
</tr>
<tr>
<td>2602.042</td>
<td>Likelihood logs</td>
<td>7.469242</td>
</tr>
<tr>
<td>-115.7791</td>
<td>F-statistics</td>
<td>2.197709</td>
</tr>
<tr>
<td>76.80218</td>
<td>Durbin-Watson stat</td>
<td>2.197709</td>
</tr>
<tr>
<td>0.000000</td>
<td>Source: Data output Eviews 10</td>
<td></td>
</tr>
</tbody>
</table>

Hausman test

Hausman test is to test that can be determined the test between the methods Fixed Effect and Random Effect most appropriate and will be used in modeling panel data. The hypothesis in tests Hausmann namely: 

*H₀*: The model follows the Random Effect Model

*H₁*: The model follows the Fixed Effect Model

**Table 5. Hausman test**

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistics</th>
<th>Chi-Sq. df</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Random cross-section</td>
<td>3.868575</td>
<td>2</td>
<td>0.1445</td>
</tr>
</tbody>
</table>

Source: Data output Eviews 10

From Table 5, the p-value is 0.1445. Therefore, if the test Hausmann value is greater than the critical value of
0.05, it can be stated that the data model according to the study’s selected random effect model

Panel Data Regression Analysis
influences profitability and liquidity of the value of the company can be obtained through analysis of regression linear multiple panel data. The equation that is:

\[ PBV_{it} = \beta_0 + \beta_1 \text{ROE}_{it-1} + \beta_2 \text{CR}_{it-1} + \varepsilon_{it} \]

In the study of this model of regression of panel data that is selected is the Random Effect Model tested with the help of software Eviews 10. The table below is a result of the analysis of regression linear multiple of the panel data using a random effect model.

### Table 6. Results of Multiple Linear Regression Analysis Panel Data with Random Effect Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistics</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>4.290146</td>
<td>3.342892</td>
<td>1.283364</td>
<td>0.2095</td>
</tr>
<tr>
<td>ROE</td>
<td>0.377206</td>
<td>0.030459</td>
<td>12.38396</td>
<td>0.0000</td>
</tr>
<tr>
<td>CR</td>
<td>-0.010570</td>
<td>0.006700</td>
<td>1.577681</td>
<td>0.1255</td>
</tr>
</tbody>
</table>

**Effects Specification**

- **Random cross-section**: SD Rho 0.000000 0.0000
- **Idiosyncratic random**: 7.258436 1.0000

**Weighted Statistics**

- **R-squared**: 0.910505
- **Adjusted R-squared**: 0.904333
- **SE of regression**: 7.105276
- **F-statistics**: 147.5198
- **Prob(F-statistic)**: 0.000000

**Unweighted Statistics**

- **R-squared**: 0.910505
- **Sum squared resid**: 1464.063

Source: Data output Eviews 10

### Hypothesis testing

Regression Significance Test (F Test)

| Source: Data output Eviews 10 |

From the results of the output of Eviews 10, the calculated F value is 147.5198 and the F table value is 3.33, so F arithmetic > F table means that H 0 is rejected and H 1 is accepted. Results are expressed that the relationship regression between profitability and liquidity of the value of the company means, the model’s regression can be used to explain the effect of the variable independent of the variable dependent.

The procedure in sequence in the F-Test that has been carried out is as follows:

1. Formulate a hypothesis

### Profitability

Ho: 1 = 0, Profitability does not affect Firm Value

H1: 1 > 0, Profitability has a positive effect on Firm Value

### Liquidity

Ho: 2 = 0, Liquidity does not affect Firm Value

Ho: 2 < 0, Liquidity harms Firm Value

Interpretation of the equation stretcher is:

a. Value constants of 4.290, meaning that if ROE (X1) and CR (X2) the value is 0 or not changed, so PBV (Y) will be worth 4.290

b. The value of the coefficient of the regression of variable profitability was measured by ROE worth positive, the case is shown if the profitability of having a relationship that is in the same direction with the value of the company. So from that, if ROE experienced a rise of 1% (variable others considered fixed), then the value of the company will be increased by as much as 0.3772 or 37.72%

c. The value of the coefficient of the regression of variable liquidity is measured with CR -value negative, meaning that it has a relationship that is the opposite direction to the value of the company. So that if the CR experienced a decline of 1% (variable others considered fixed), then the value of the company will rise by 0.0105 or 1.05%.
2. Determine t table ii and t count with Eviews 10 software

**Profitability**

From the results of processing obtained t of 12.38396 and t-table of 1.69913 to establish the level of significance used at 0.05 (5%) df of (32-2-1) = 29b

**Liquidity**

From the results of the processing of T as -1.577681dan t table as much as 1.66256 to establish the level of significance that used at 0.05 (5%) Df of (32-2-1) = 293.

3. **Decision Criteria**

Once the T value has been gained, it is subsequently compared to the t-table, and the provision of basic decisions are:

- If the t count > t-table, then H 0 is rejected and H 1 accepted, whereas if t arithmetic ≤ t-table, then H 0 is received and H 1 rejected.

**3.2 Discussions**

**Profitability**

Based on the standard test obtained by value t count 12.38396, the value of t table 1.69913 and 0.0000 probability, so significant and t count > t table, then Ho is rejected and H1 accepted, it has a sense of profitability impact positively and significantly to the value company.

The findings of this study are in line with the theory put forward [19] which states that firm value is influenced by firm profitability. In addition, this research is in line with the earlier research conducted by reference [20] which states that profitability has a significant positive effect on firm value. This means that when profitability increases, it coincides with an increase in the value of the company.

**Liquidity**

Based on the standard test value t of obtained t count of -1.577681 and t table amounted to 1.66256 with a probability of 0.1255sehingga not exhibited significantly due to exceeding 0.05 and t count < t table then H 0 is received and H 1 rejected, meaning that the liquidity impact negatively on the value company.

The results of this study are not the same as the signal theory stated [21] if the level of ability to fulfill obligations is high, it means that the level of ratio is also high. The high liquidity ratio can also indicate the availability of company funds that are used to carry out the company's operating activities and to pay dividends.

**4. CONCLUSIONS**

**4.1 Conclusions**

The conclusion that has been successfully stated from this research is that the profitability of the cosmetics and household goods sub-sector companies listed on the IDX in 2011-2018 fluctuated from year to year, but still showed an increasing trend. The liquidity of the cosmetics and household goods sub-sector companies listed on the IDX in 2011-2018 fluctuated from year to year and showed a downward trend. The value of companies in the cosmetics and household goods sub-sector companies listed on the IDX in 2011-2018 fluctuated from year to year and showed a trend that tends to decline with slow movements.

Profitability, as measured by return on equity, and Liquidity as measured by Current Ratio to firm value as measured by Price to Book Value, have an influence on each other. Where profitability has a positive and significant effect on firm value while liquidity has a negative and insignificant effect on firm value in cosmetics and household goods sub-sector companies listed on the Indonesia Stock Exchange in 2011 – 2018. Liquidity, as measured by the current ratio, and profitability as measured by return on equity have a simultaneous effect on firm value.

**4.2 Suggestion**

The company's management should do their best to comply with the ideal standard of industry average ROE. Profitability fluctuations as measured by ROE are caused by after-tax income and total equity. Therefore, company management should improve after-tax income to increase the percentage of profit using the company's funds.

Company management is expected to be more careful about the proportion in measuring the ability of a company to meet its current liabilities based on the company's current assets. Fluctuations in the liquidity ratio affect the company's image in the eyes of investors, therefore the management needs to maintain the stability of the short-term debt payment ratio and strive to show a positive trend.

The management possibly and carefully understands the factors that affect the value of the company, the goal for tilapia companies created as expected and has an impact on business continuity.

To researchers after the authors, if they want to research on firm value, they are expected to be able to do research by adding other factors to increase their observation period or expand their research subjects so that the results produced are better than the research.

**REFERENCES**


Operational Performance of Small and Medium Enterprises in Pandemic Era

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*Corresponding author. Email: suciputri@unper.ac.id

ABSTRACT
This study aims to examine the effect of implementing Supply Chain Management (SCM) on the operational performance of Embroidery SMEs in Tasikmalaya. A total of 45 participants were sampled for this study using a purposive sampling approach. This study employed a survey research design, with data collected through questionnaire. Regression analysis was used to analyze the data. The hypothesis testing findings revealed that the SCM variable had a beneficial influence on operational performance. As a consequence, the findings of this investigation were consistent with earlier findings. Supply chain networks were one of the most prominent avenues through which Covid-19 had a significant impact on the global economy. After Covid-19, there have been disturbances in the operation of global procurement, resulting in spillover impacts at many levels in supplier networks. These supply chain issues have increased the cost of doing business for manufacturing SMEs.

Keywords: Operational Performance, Supply Chain Management, SMEs, Covid19.

1. INTRODUCTION

The pandemic Covid-19 has undoubtedly had an influence on several areas, particularly the economic sector. This effect is felt not just locally, but also internationally. The International Monetary Fund (IMF) forecasts worldwide economic growth of minus 3%. This undoubtedly has a huge influence on tourism, commerce, and industry in Indonesia, particularly Micro, Small, and Medium Enterprises (MSMEs). According to the most recent statistics on August 14, 2021, there have been 3.8 million instances of covid-19 in Indonesia. [1]

According to the Organization for Economic Cooperation and Development (OECD), the pandemic has had an impact on the economy on both the supply and demand sides. On the supply side, the corporation cuts raw material and unhealthy labor supplies, and the supply chain is also having issues. There is a dearth of demand and deteriorating customer trust in a product on the demand side. According to the OECD, the Covid-19 requirement had a substantial impact on MSMEs. MSMEs were particularly vulnerable to economic interruptions since they frequently have direct interaction with the tourist, transportation, and culinary industries, all of which require quick suppliers and are all adversely affected by covid-19 [2].

The covid-19 pandemic’s influence on Supply Chain Management (SCM), particularly on distributors and warehouses, involves five conditions. (1) a supplier was unable to supply the product; (2) the workforce was unable to work due to imposed regulations (lockdown); (3) distribution and warehousing operations were hampered by physical distance; and (4) inbound and outbound logistics were severely disrupted and delayed due to restricted mobility – seaports/airports were closed. Finally, cash flow was impacted by client cash flow (payables) issues. The first four circumstances are the focus of this research [3].

The presence of MSMEs is unavoidable in today's society. The emergence of MSMEs is extremely beneficial in terms of income distribution. Furthermore, it is capable of producing innovation that is consistent with efforts to preserve and enhance components of the local community's traditions and culture, such as the Embroidery MSMEs in Tasikmalaya. Tasikmalaya is known for its embroidery, which has been influenced by the COVID-19 epidemic. Many Embroidery MSMEs are unable to deliver their products to the market due of transportation constraints and the high cost of raw fabric.
supply, this forces MSMEs to choose not to produce because there is no demand, or even to close their doors because they have run out of funds. As a result, the purpose of this research is to describe the impact of applying SCM on the operational performance of Embroidery SMEs in Tasikmalaya.

1.1. Literature Review

1.1.1. Supply Chain Management

SCM practices are a set of activities carried out inside a company to ensure successful supply chain management [4]. Their tool includes six scientifically verified and dependable dimensions: strategic supplier alliances, customer interactions, information sharing, information quality, internal lean practices, and procrastination. Strategic supplier partnership refers to the organization’s long-term connection with its suppliers. Customer relations include strategies for addressing complaints, customer satisfaction, and the development of long-term partnerships. Sharing relevant information transmitted between partners, where correctness, sufficiency, and timeliness correspond to information quality. Wastage elimination, low inventory, small lot size, and JIT delivery are all examples of lean processes [4].

Supply chain management is becoming an essential instrument in business strategy [5]. Supply chain management discussions continue to evolve; new supply chain management ideas such as Lean Supply Chain Management, Agile Supply Chain Management, Reverse Supply Chain Management, and Green Supply Chain Management have recently developed [6]. Purchasing, procurement, logistics and transportation, stock control, production planning and control, facilities planning, outsourcing, marketing, organizational behavior, relationship management, contracts, information systems, design network, performance measurement, and so on are all covered in supply chain management [4].

1.1.2. Operational Performance

The primary goal of SCM is to provide a competitive advantage for a firm to differentiate itself from its competitors in the eyes of its consumers by operating at lower costs and achieving a higher profit [7]. For supply chain processes (planning, sourcing, manufacturing, and delivery) and management levels, a framework for SCM performance measurements and metrics is provided (strategic, tactical, and operational levels)[5]. Dimensions of operational performance may apply to MSMEs as well. Flexibility, decrease of lead time in production, forecasting, resource planning, production cost-effectiveness, and inventory management are the operational performance constructs employed in this study [8].

According to the literature research, the independent factors have a substantial influence on the operational performance of SMEs. As a result, a preliminary model is created to investigate the connection between the independent and dependent variables. As demonstrated by the literature review, the hypotheses are formulated as follow:

H1: The greater the SCM, the better the operational performance of SMEs.

The relationship between the independent and dependent variables can be seen in Figure 1.

![Figure 1. Conceptual Model of Study](image)

2. METHODS

In this study, two variables are observed and measured. SCM is the independent variable, while operational performance is the dependent variable. Each variable and its indicator will be elaborated in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Management (X)</td>
<td>Strategic Supplier Partnership, Customer Relationship, Information Sharing</td>
</tr>
<tr>
<td>Operational Performance (Y)</td>
<td>Flexibility, reduction of lead time in production, forecasting, resource planning, production cost-effectiveness, inventory management</td>
</tr>
</tbody>
</table>

The quantitative research approach was adopted in this study, with a total sample of 45 Embroidery SMEs in Kawalu, Tasikmalaya. SMEs Embroidery were picked because they are the MSMEs that grow the most in Tasikmalaya each year [9]. This primary data was gathered through surveys and interviews. To determine the link between the independent and dependent...
variables, regression analysis was utilized. Supply chain management is the independent variable. Meanwhile, the dependent variable is the operational performance of Embroidery SMEs (Y). Indicators of variables can be seen on the Tab. I. A 5-item Likert-type scale was used in this research. Based on the literature analysis, questionnaires were distributed in this study. Each questionnaire was tailored to a single significant responder. The majority of respondents in this survey were managers or owners. The data was then examined using SPSS software. The table that follows. I give the factors and indicators examined in this study.

3. RESULTS AND DISCUSSION

Independent and dependent variables were subjected to reliability and validity testing. Cronbach's alpha was used to assess the dependability of each measure. The results show that all construct in this study has a reliability value of more than 0.60.

Table 2. Regression analysis.

<table>
<thead>
<tr>
<th>Var</th>
<th>R</th>
<th>R²</th>
<th>Sig.</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.819a</td>
<td>0.671</td>
<td>0.000</td>
<td>H0 Rejected</td>
</tr>
</tbody>
</table>

The regression analysis in Table 2 demonstrates that supply chain management has a favorable and substantial influence on the operational performance of Embroidery SMEs (p<0.05). It shows that supply chain management aids in the performance of SMEs. In this study, dependent variables have a high link with operational success (R-squared = 0.671). The findings of the regression analysis are summarized in Table 2. According to the data processing results, supply chain management has a 67.1% favorable and substantial effect on operational performance. This is because the significance level was set at 0.05 and the significance value was set at 0.000.

The operational success of Embroidery SMEs is heavily influenced by supply chain management. The findings indicate that SCM has a good relationship with the operational performance of Embroidery SMEs. This study found that SCM had a beneficial influence on operational performance, comparable to the prior study [5, 10, 11]. The results of this research are consistent with earlier studies. Supply chain networks are one of the most important avenues through which Covid-19 has a significant impact on the global economy. After Covid-19, there have been disturbances in the operation of global procurement, resulting in spillover impacts at many levels in supplier networks. These supply chain issues have increased the cost of doing business for manufacturing SMEs. Because of the substantial expenses involved, SMEs have begun to develop risk-reduction methods. It is quite difficult for a small business to handle these risks. As a result, supply chain risk management was created to control hazards on a broader scale [12].

4. CONCLUSIONS

The implementation of supply chain management improved the operational performance of Tasikmalaya's Embroidery SMEs. Although it had a favorable influence on operational performance, many SMEs were unable to manage their supply chains in the face of the pandemic, resulting in substantial disruptions. Meeting demands, particularly in health and food supply, was challenging. This circumstance demonstrates that supply systems are unprepared for the pandemic and are incapable of dealing with it. Since the analytical technique used in this study has limitations, more research in these areas is required. Other studies might utilize the findings to test all factors in various types of SMEs, locations, or nations in order to generalize the findings.

REFERENCES


Successful Digital Payment Information System Services Using Delon and McLean Models

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ABSTRACT
Online payment is becoming a practical alternative payment option in the Covid-19 pandemic because it reduces physical contact and the risk of coronavirus transmission. This research aims at analyzing the success of digital payment services using the Delone & McLean model with a Go-pay as a case study. Quantitative research methods were carried out using the Amos and SPSS applications. The research results were an analysis of the success of go-pay digital payments. This study explained that the success of digital payment application services on user satisfaction was positively influenced by the system quality, information quality, service quality. Furthermore, user satisfaction affects ruto net benefits for the users. This can be a strategic reference for Go-pay services considering that digital wallet or mobile wallet service providers in Indonesia are rigorous. The most formidable competitor for Go-pay is the mobile wallet service from Shopee pay. Go-pay services should pay attention to (1) demand-side strategies to use price differences in the same service as competitors, develop requests to build purchases during off-peak periods with bigger promos and discounts, and improve the quality of customer care services for customers. (2) Supply-side strategies, Go-pay service providers need to carry out plans to improve service improvement in the future and increase cooperation with mall and restaurant services.

Keywords: Successful Information System Service, Digital Payment, Go-Pay, Delon & McLean Model.

1. INTRODUCTION

A practical alternative payment option since it reduces physical contact and the risk of transmission of the coronavirus. Some banks and digital startups offer digital payment applications through mobile banking or mobile wallets. This research aimed to analyze successful digital payment services using the Delone & McLean model.

M-banking is a bank service for customers to make payment transactions using mobile phones. M-wallet is a virtual wallet that stores payment card information on mobile phones [1].

The development of mobile wallets in Indonesia is quite significant due to the large number of internet users in Indonesia. People choose digital payment service providers according to their needs and benefits. Shopee pay, go-pay, Ovo, Dana, Link Aja are several digital payment service providers.

In 2020, the five highest-ranking mobile wallet service users were shopee Pay, Ovo, Go-pay, Dana, and Link Aja. Furthermore, preliminary research results from this study show that Shopee Pay (34.4%) and Go-Pay (34.4%) users are the highest, with OVO (19.7%), Dana (8.2%), and Link Aja (1.6%) following afterward [2].

The service features are direct payments, credits purchases, e-commerce payments, PDAM, BPJS, Electricity, Insurance, Online transportation payments, delivery of goods, and parking payments. Preliminary research shows that the highest use of mobile wallets is for online shopping, online transportation, top-up credit, and direct shopping. Digital payments provide various feature services to provide user satisfaction. User satisfaction is seen when users feel the value of the system.
The Problem of this research is how to analyze the success of digital payment services using the Delone & McLean [3] model with Go-pay as a case study.

The Delone and McLean information system success model is crucial for understanding the value and efficacy of information systems management and investment, which has six variables: system quality, information quality, service quality, and Net Benefit [3]. This research aims to analyze the success of digital payment services using the Delone & McLean model with Go-pay as a case study.

1.1. Service

A service is any act or performance that one party can offer to another that is intangible and does not result in ownership. Its production may or may not be related to the physical product [4].

The following are standard practices in service [4]:

1. Strategic Concept: top companies have a clear concept for setting strategy because they understand customer needs.
2. Top-Management Commitment: top management has a full commitment to service quality.
3. High Standards: good companies set high service standards.
5. Satisfying Customer Complaints: resolving customer complaints.
6. Satisfying Both Employees and Customers: a well-managed company believes that employee relations will affect customer relations.

1.2. The DeLone and McLean Model

In 2003, DeLone and McLean developed Information System Success Model and modified it to address the changing management needs of the E-Commerce era. Modifications to the success model of Information Systems become service quality variables, Information quality, Systems quality, Intention to use as an alternative to use variables, and net benefits [3].

The Following DeLone and McLean Model Images are shown in Figure 1.

![Figure 1 Information System Success Model Adoption from The Delone and Mc Lean Model [3]](image)

Based on the figure, there are six dimensions from DeLone & McLean Model [3]:

1. System Quality, which is used to measure the quality of Information Technology Systems.
2. Information Quality which is used to measure the quality of the Information systems.
3. Service Quality, which is the service provided by Information System developers.
4. User Satisfaction is the user’s response to the use of Information systems output.
5. Net Benefit is the effect of information on behavior. The use and influence of information on organizational performance in order to increase knowledge and communication effectiveness.

In this DeLone & McLean Information Systems Success Model, system quality measures technical success. Information technology measures semantic success and usage, user satisfaction, individual impact, and organizational impact measures success effectiveness as Shannon and Weaver (1949) proposed.

2. METHODS

Quantitative research methods are carried out using the Amos and SPSS applications. Questionnaires have been distributed to as many as 177 Respondent. Based on the data from the questionnaire, the profile of respondents based on age was obtained as follows in Figure 2.

![Figure 2 Age Profile of Respondent](image)
The Research variables used DeLone and Mclean model, known Information system Success Model. This model reflects the dependence of the six measures of information system success. The following are variables used in Table 1.

**Table 1. The Research Variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicator</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(DeLone &amp; McLean, 2003) [5]</td>
<td>Reliability</td>
<td>SQ1</td>
</tr>
<tr>
<td></td>
<td>Response Time</td>
<td>SQ2</td>
</tr>
<tr>
<td></td>
<td>Security</td>
<td>SQ3</td>
</tr>
<tr>
<td></td>
<td>Ease of Use</td>
<td>SQ4</td>
</tr>
<tr>
<td>Information Quality</td>
<td>Accuracy</td>
<td>IQ1</td>
</tr>
<tr>
<td></td>
<td>Completeness</td>
<td>IQ3</td>
</tr>
<tr>
<td></td>
<td>Timeliness</td>
<td>IQ4</td>
</tr>
<tr>
<td></td>
<td>Understandable</td>
<td>IQ5</td>
</tr>
<tr>
<td>Service Quality</td>
<td>Responsiveness</td>
<td>SRL1</td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
<td>SRL3</td>
</tr>
<tr>
<td>User Satisfaction</td>
<td>Application</td>
<td>US1</td>
</tr>
<tr>
<td></td>
<td>Performance</td>
<td>US2</td>
</tr>
<tr>
<td></td>
<td>Overall satisfaction</td>
<td>US3</td>
</tr>
<tr>
<td></td>
<td>Invite others to use Application</td>
<td>US4</td>
</tr>
<tr>
<td>Net Benefit</td>
<td>Improve customer knowledge</td>
<td>NB1</td>
</tr>
<tr>
<td></td>
<td>Reduce search time</td>
<td>NB3</td>
</tr>
<tr>
<td></td>
<td>Improve service support</td>
<td>NB4</td>
</tr>
<tr>
<td></td>
<td>Cost-saving</td>
<td>NB5</td>
</tr>
</tbody>
</table>

3. RESULTS AND DISCUSSION

The Construct validity test in this study used the Product Moment correlation technique using the SPSS Version 23 application. The significance test was carried out by comparing the calculated r-value and r table for the degree of freedom (df) = n-2, where n is the number of samples from the pre-test as many as (n=30) questionnaires.

A questionnaire is reliable if the answers from respondents to the statements on the questionnaires are stable. Reliability testing in this study uses the SPSS Version 23 application. A construct or variables is reliable if Cronbach's alpha value > 0.70 [6]. The results of the reliability test can be seen in Table 2 below.

**Table 2 Reliability Statistics**

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.943</td>
<td>22</td>
</tr>
</tbody>
</table>

The test in this study uses confirmatory factor analysis assisted by IBM SPSS AMOS Version 22 application. The model created can be seen in Figure 3 below.

**Figure 3. Research Measurement Model adoption from The Delone and Mc Lean Model**

3.1. The Effect of Information Quality on User Satisfaction on the Go-Pay Application

This hypothesis aimed to analyze whether Information Quality affects User Satisfaction. The hypothesis tested was:

H0: There is no positive and significant relationship between Information Quality and User Satisfaction.
H1: There is a positive and significant relationship between Information Quality and User Satisfaction.

The P weight for the construct relationship between Information Quality and User Satisfaction was 0.026, which means it was smaller than 0.05; thus, H0 is rejected. For the estimated value, the result was 0.252, which has met the requirements of 0.05. The CR value was 2.213, which has met the predetermined requirements of > 1.96.

3.2. The Effect of System Quality on User Satisfaction on the Go-Pay Application

This hypothesis aimed to analyze whether System Quality affects User Satisfaction.

The hypothesis tested was:

H0: There is no positive and significant relationship between System Quality and User Satisfaction.
H1: There is a positive and significant relationship between System Quality and User Satisfaction.

The P weight for the construct relationship between System Quality and User Satisfaction was 0.006, which means it was smaller than 0.05, so H0 is rejected. For the estimated value, the result was 0.266, which has met...
the requirements of 0.05. The CR value was 2,770, which has met the predetermined requirements of > 1.96.

3.3. The Effect of Service Quality on User Satisfaction on the Go-Pay Application

This hypothesis aimed to analyze whether Service Quality affects User Satisfaction. The hypothesis tested was:

H0: There is no positive and significant relationship between Service Quality and User Satisfaction.

H1: There is a positive and significant relationship between Service Quality and User Satisfaction.

The P weight for the construct relationship between Service Quality and User Satisfaction was 0.003, which means it is smaller than 0.05, so H0 is rejected. For the estimated value, the result was 0.312, which has met the requirements of 0.05. The CR value was 3,007, which have met the predetermined requirements of > 1.96.

3.4. The Effect of User Satisfaction on Net Benefit on the Go-Pay Application

This hypothesis aimed to analyze whether User Satisfaction affects Net benefits.

The hypothesis tested was:

H0: There is no positive and significant relationship between User Satisfaction and Net Benefit.

H1: There is a positive and significant relationship between User Satisfaction and Net Benefit.

The weight P for the construct relationship between User Satisfaction and Net Benefit was ***, which means it was smaller than 0.05, so H0 is rejected. The estimated value obtained was 1.097, which has met the requirements of 0.05. The CR value was 4,914, which has met the predetermined requirements of > 1.96. Research result hypothesis model show by Figure 4.

![Figure 4. Research Result Hypothesis Model](image)

Based on the measurement results, it was found that the variable with the most significant total influence on the User Satisfaction variable was the Service Quality, with a score of 0.392. This means that the quality of Go-pay services affected the satisfaction of Go-pay service users.

Go-pay user satisfaction was achieved because the quality of Go-pay services can meet user expectations as it is mentioned by [4] that service quality management is carried out to provide customer service expectations. Customer expectations are shaped by experience. Promotion and advertising. This study also measures user satisfaction in influencing the net benefits received by customers. Based on the measurement results, it was found that the variable with the most significant total influence on the Net Benefits variable was the User Satisfaction variable of 0.596. The benefits gained by service users from Go-pay are increasing customer knowledge, saving time, reducing searches, improving service support, and saving costs.

The research result related to user satisfaction and net benefits of go-pay services showed the success of the services provided by Go-pay to users. This could be a strategic reference for Go-pay services considering that Indonesia's digital wallet or mobile wallet service providers are very strict. The most formidable competitor for Go-pay is the mobile wallet service from Shopee pay. Go-pay services should pay attention to (1) demand-side strategies to use price differences in the same service as competitors, develop requests to build purchases during off-peak periods with bigger promos and discounts, and improve the quality of customer care services for customers. (2) Supply-side strategies, Go-pay service providers carry out plans to improve service improvement in the future and increase cooperation with mall and restaurant.

4. CONCLUSIONS

Based on the measurement results, it was found that User Satisfaction for Go-pay users was significantly affected by System Quality, Information Quality, and Service Quality variables.

Furthermore, it was known that the variable that had the most significant total influence on the user satisfaction variable was the Service Quality variable of 0.392. This means that the quality of Go-pay services will affect the satisfaction of Go-pay service users.

ACKNOWLEDGMENTS

Thank you to the Graduate School, Doctoral Management Program for funding this research.

REFERENCES


Excellent Service and Utilization of Information Technology on Stakeholder Satisfaction and Organizational Performance
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ABSTRACT
The purpose of this study was to analyze the influence of excellent service by utilizing information technology on the satisfaction of stakeholders, which has an impact on organizational performance. This study was descriptive with a quantitative approach. There were two types of variables in this study: the independent and dependent variables. To analyze the data in this study, the Statistical Program for Social Science (SPSS) was used. From the proposed model, excellent service by utilizing information technology positively and significantly affected stakeholder satisfaction. Furthermore, stakeholder satisfaction also had a positive and significant effect on organizational performance. Then from the study's final results, it could be concluded that there was a significant influence between the causal relationship of excellent service by utilizing information technology on organizational performance through stakeholder satisfaction. The novelty of this research is that apart from excellent service, there is also a positive influence on the use of technology on stakeholder satisfaction and organizational performance. This could be a consideration for every information technology user and organization by utilizing it as much as possible in increasing competitiveness.

Keywords: Excellent Service, Utilization of Information Technology, Satisfaction of stakeholders, Organizational Performance.

1. INTRODUCTION

Providing quality services or what we know as service excellence, namely how to provide the best service and meet service quality standards [1]. Excellent service in organizations must be implemented to give an image and a good name for the organization [2]. It can be assumed that this excellent service is an effort to provide a sense of satisfaction and foster a sense of trust to customers or stakeholders. The main goal of excellent service is satisfaction for service users, in this study, the stakeholders. This satisfaction can be realized if the services provided follow the service standards that have been set.

The utilization of knowledge technology is used to support the organization in achieving organizational goals. The utilization of data technology within the realm of service is done effectively if users within the organization can use the technology well [3]. Effective use of technology can also improve performance. This is often in accordance with the speculation of the technology acceptance model (TAM) [4]. Service quality relates to the compatibility between service products and the needs of service users. Service quality is often considered the perception of service users about how the service was delivered and whether or not a service is accepted. For this matter, it is often concluded that service quality is the perception of service users on the services provided by an individual or organization,
which has sway on good organizational performance [5].

This research on service quality focuses on the service quality in using technology related to stakeholder/consumer satisfaction. Within this research, what is meant by excellent service is the standard of service provided by the National University Academic Administration Bureau (BAA Unas) that is more focused on providing services to stakeholders (students, parents, lecturers, and leaders), where the services are related to services within the sector of educational information, finance, and other general administration fields. In comparison, the context of satisfaction within the research is the satisfaction of students and lecturers who are the foremost users of services by administrative officers at BAA Unas [6, 2]. Satisfied consumers will reuse the service and suggest others to use the service [7].

As an illustration, Unas is one of the tertiary education providers in Indonesia, located within the Pasar Minggu area, South Jakarta. As an academic institution, Unas features a vision to become a medium for developing superior science, technology, and art at the national and international levels supported the noble values of national culture. In implementing this vision, one of its service units, namely BAA, includes a gap within the use and development of knowledge system technology to hold out the services it provides. Service is a vital element that determines the suitability of the expected output because it is the key to determining the correct business architecture [8].

Improving business processes and designing the correct business architecture can significantly increase the efficiency and profits of a company [9]. In running its business at BAA, Unas has not used Information Technology (IT) as its primary requirement, and IT activities have not been explicitly handled. In addition, the use of data Systems (IS) and (IT) at BAA Unas has not been optimal. Currently, BAA Unas still uses standard applications that are general in ending its business processes.

Etymologically, the definition of service comes from the word service, which means to assist/to prepare (take care of) what someone needs. In contrast, the service is defined because of the convenience provided about the transaction of products or services. So “service may be a way of providing benefits (value) to stakeholders/consumers with an endeavor to produce (facilitate) the results that stakeholders want without having to hold certain costs and risks” [10].

Service quality will affect the behavior of the parties served within the transaction. Some scientists state that service quality is the power of service providers to consistently meet customer expectations [11]. Service quality is an additional level of excellence in meeting consumer desires. Service quality also supported customer satisfaction [12]. If consumers are satisfied with the services provided by the organization, they automatically become loyal and constant to the products or services obtained. This loyalty is obtained from a combination of satisfaction and complaints.

Customer satisfaction, which is spoken as Stakeholder Satisfaction during this study, will be obtained from the quantity of the organization's performance in handling complaints [10]. Stakeholder satisfaction can even be measured by comparing the results obtained with the objectives of a concept, which is additionally influenced by the angle of every stakeholder [13]. Providing the proper solution to customer complaints can minimize complaints that occur between stakeholders and the organization.

Organizational performance is the success of personnel, teams, or organizations in realizing predetermined strategic goals with the expected behavior. Performance is the ability to achieve organizational tasks by using resources effectively and efficiently [14]. The resources referred to include human resources, all assets, capabilities, organizational processes, company attributes, technology, and information and knowledge controlled by the company. Performance is defined as a description of the level of achievement of the implementation of activities, programs, and policies using some resources to achieve the goals that have been set [15]. Research model this study show by Figure 1.

![Figure 1. Research Model](image-url)

Based on the picture above, the purpose of this study was to find out the relationships among the variables of excellent service, stakeholder satisfaction, information technology, and organizational performance.

2. METHOD

This research was descriptive research with a quantitative approach. The independent variable in this study was excellent service (X) with ability, attitude, appearance, attention, action, and responsibility as indicators. Meanwhile, the dependent variable in this study was stakeholder satisfaction (Y) with desired service and ad-equate service as indicators. The
measurement of the variables used in the study was using a Likert Scale.

The population in this study were randomly selected stakeholders in Unas. A total sample of 150 respondents who needed and received services during the observation period was collected. The data collection method was done through questionnaires. Purposive sampling [16] was employed as the sampling technique. It is also said [17] that purposive sampling is based on specific criteria.

Furthermore, through the SPSS Ver25 application, the author performed data processing techniques using a path analysis model. Path analysis is an extension of multiple regression analysis used to estimate causality between variables that have been determined based on theory. This analytical model helped see the magnitude of the coefficient value directly and indirectly from the independent variable to the dependent variable.

In this study, the source of the info used was quantita-tive data, which was obtained through distributing questionnaires, where the respondents were randomly selected stakeholders at Unas and that they had received services at BAA Unas. In addition, other data were taken from literature studies and online media as references. The authors use primary data as a basis for compiling and developing hypotheses. Through the SPSS Ver25 application [5], the author performs processing techniques employing a path analysis model. Path analysis is an extension of multiple correlation analysis, which is employed to estimate causality relationships between variables that are determined supported theory [17]. This analytical model helped see the magnitude of the coefficient value directly and indirectly from the variable to the variable. By watching the magnitude of the coefficient value, the magnitude of the direct and indirect influence will be compared.

3. RESULT AND DISCUSSION

Various studies were disbursed by many researchers to look at the effect of service quality, satisfaction, and re-purchases. [18] stated that service quality affects satisfaction, and satisfaction affects re-purchase intention. The study results of [19] show that service quality has a bearing on cus-tomer satisfaction and customer satisfaction affects the intention/interest in future purchasing behavior, while service quality does not affect behavioral intentions.

From the results of the Research Sample Validity test (Pearson Correlation), it can be seen in Table 1.

### Table 1. Sample Validity

<table>
<thead>
<tr>
<th>Correlations</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>Y1</th>
<th>Y2</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 Pearson Correlation</td>
<td>1</td>
<td>.562**</td>
<td>.597**</td>
<td>.594**</td>
<td>.548**</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

Furthermore, the reliability of the research sample (Cronbach's Alpha) can be seen in the following table 2.

### Table 2. Sample Reliability

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>.841</strong></td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Item total statistics show by Table 3.

### Table 3. Item Total Statistic

<table>
<thead>
<tr>
<th>Scale Mean if Item Deleted</th>
<th>Scale Variance if Item Deleted</th>
<th>Corrected Item-Total Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>45.98</td>
<td>28.490</td>
<td>.721</td>
</tr>
<tr>
<td>X2</td>
<td>50.49</td>
<td>30.520</td>
<td>.619</td>
</tr>
<tr>
<td>Y1</td>
<td>46.63</td>
<td>23.375</td>
<td>.696</td>
</tr>
<tr>
<td>Y2</td>
<td>46.21</td>
<td>25.941</td>
<td>.632</td>
</tr>
</tbody>
</table>

Based on the test results using the SPSS Ver25 program, it was found that all variables have a K-SZ value greater than 0.05, so it can be concluded that the sample data has been normally distributed.

4. CONCLUSION

Based on the results of testing using the SPSS ver25 application, it is often said that the sample data used were considered to be normally distributed. Furthermore, from the research results that have been done, it was proven that the Excellent Service variable, Information Technology Utilization variable, and Stakeholder Satisfaction variable have a significant effect on organizational performance.

For small tables, please place it within a column and bigger table be placed in a text frame spanning to both columns. Use the Table facility available within the MSWord. The font in the row header should be bold and you can use the style available from the style palette.
REFERENCES


The Analysis and Design of E-CRM Information Systems to Maintain Consumer Loyalty

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ABSTRACT

As companies grow, the understanding of the importance of consumer data and the opportunities for its use is becoming more diverse. The marketing strategy also developed, which initially used conventional methods to attract and retain consumers, turned into a systemized using E-CRM information system. This study aims to provide solutions to the company's problems to maintain the relationship between Nusantara Surya Sakti Company and consumers.

Keywords: Systems, Information, Consumers, Marketing, E-CRM.

1. INTRODUCTION

E-CRM stands for Electronic Customer Relationship Management and maybe a way for companies to draw in new clients and hold existing clients by fulfilling clients or advertising an assortment of offices to keep clients coming back and needing to rehash exchanges with the same company over the long term. Concurring [1], E-CRM employs computerized communication innovation to maximize deals to existing clients and drive the utilization of online administrations.

Along with the development of the company's awareness of the importance of consumer data, the opportunities for its use are increasingly diverse. Today, consumer data is not just a final evaluation material in a product sales period. The data will be used as a promotional tool in the future. All consumer data in the form of telephone numbers, email addresses, and rough da-ta in the form of complaints and comments on social media will be collected to determine how consumer interest can be built. The term social media is shaped from two words, media and social [2], [3]. Media is deciphered as an implies of communication, whereas social has meaning as a social reality in which each individual can contribute to society. This understanding is additionally affirmed by Durkheim (in [4], who states that media and any program are items of social forms.

Customer loyalty is notably declining due to the ease of finding various goods with the latest features by utilizing various social media technologies [5]. CRM is a way to manage relationships between companies and customers in consuming products or services produced by companies [6].

The most goals of this inquiry about are Give arrangements to issues faced by the company to preserve connections with shoppers at Nusantara Surya Sakti Company, so the relationship between shoppers and the company does not support conclusion after the item buy exchange is completed so that it can create more considerable benefits for the company.

2. METHODS

2.1. Research Stages

The method used in the design of this E-CRM information system is the prototype method. The prototype
method is a new paradigm in software development methods where this method is not only an evolution in the world of software development but also revolutionizes the old software development method, namely a sequential system commonly known as SDLC or waterfall development model.

In the Prototype Model, the prototype of the resulting software is then presented to the customer, and the customer is allowed to provide input so that the resulting software is genuinely following the wishes and needs of the customer.

2.2. Place and Time of Research

This research was conducted at Nusantara Surya Sakti Company, located at The Victoria Building Floor 5-6 Jl. Tomang Raya Kav. 35-37, RT.12/RW.5, Tomang, Kec. Grogol Petamburan, West Jakarta City, Special Capital Region of Jakarta 11440. A company that sells Honda motorcycles.

3. RESULTS AND DISCUSSION

3.1. Running System Analysis

At this organization, the issues are carried out and contain the details of the framework to be created. This is often to discover the shortcomings of the running system.

The frameworks running at Nusantara Surya Sakti Company includes:

a. Getting consumers. Nusantara Surya Sakti Company conducts promotions through print advertising media, external advertising media such as billboards, banners, pamphlets, banners, boxcars, and social media such as Facebook, WhatsApp, and Instagram.

b. Improving relationships with consumers. Nusantara Surya Sakti Company provides free motorbike service for three months for consumers who buy new motorbikes.

c. Retaining customers. Nusantara Surya Sakti Company provides existing consumers with discounts and other attractive prizes.

The weaknesses of the current system at Nusantara Surya Sakti Company are:

a. Huge promotional costs.

b. Customers find it difficult to get a motorcycle product catalog that contains motorcycle specifications and motorcycle prices.

c. They do not know the discount promotion held by Nusantara Surya Sakti Company.

Based on the analysis of the problems that occur, the researcher intended to implement a website-based E-CRM information system where this system will provide solutions to Nusantara Surya Sakti Company, including:

a. Reducing promotional costs, wider promotional reach, and customers can get information about Honda motorcycle products offered.

b. Customers can see the process of buying a Honda motorcycle, from the booking process to delivery to destination.

c. Customers can view their purchase history of Honda motorcycles (if they have bought a motorcycle more than once), payment history, and fines, if any.

3.2. Software Requirements Analysis

After analyzing the current framework, it is found some things that are anticipated to be satisfied by the E-CRM data framework, such as:

a. Stage 1, acquiring new customers (acquire). It is hoped that by using the E-CRM information system, Nusantara Surya Sakti Company can provide detailed information about Honda motorcycle products to consumers, ask questions or provide criticism and suggestions.

b. Stage 2, increasing customers' added value (enhance). By providing top service regarding the Nusantara Surya Sakti Company branch location, responding to criticism and suggestions from consumers, and responding to questions from consumers.

c. Stage 3, retaining existing customers (retain). Nusantara Surya Sakti Company provides discounts for existing consumers by providing discounts and other attractive prizes.

3.3. System Process Analysis

Figure 1 describes the Used Case Diagram menu in the E-CRM information system. User Admin can view Consumer Data, Fill in Management Materials, Read and
Respond to Suggestions, Create Corporate Calendars, and fill out News Service. Consumer users can view Material Management, Customer Service Tracking, FAQ, and make criticisms and suggestions. Guest users can only make criticisms and suggestions as well as FAQs.

3.4. Troubleshooting Solution

Implementing the E-CRM information system will make it easier for the Marketing division of Nusantara Surya Sakti Company to improve customer service. The application of E-CRM is to create it less demanding for clients to record complaints and discover out what administra-tions are [7]. With the execution of E-CRM, open questions and doubt towards the extortion calculation or abuse of company names ought to be reduced [8].

The application of the E-CRM information system will make it easier for the Marketing division of Nusantara Surya Sakti Company to see the data of the entrusted consumers and help the Marketing division of Nusantara Surya Sakti Company to view information about consumer transactions making it easier to establish relationships with consumers. From the consumer side, it makes it easy to view Honda motorcycle products, track purchases of Honda motorcycles, view payment history and fines, if any.

4. CONCLUSIONS

This inquiry will deliver an E-CRM data framework that can encourage Nusantara Surya Sakti Company to benefit buyers. To support the administrations, Nusantara Surya Sakti Company employed 3 (three) stages: acquiring new customers, increasing customers’ added value, and retaining existing customers.

REFERENCES

Recruitment Application Revamp Using Agile Development Methodology

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ABSTRACT
To speed up the recruitment process of Maxtekno, a robust and reliable application platform needs to be developed. The agile development methodology is being used in this research along with qualitative research for the supporting data. The result of this development is a prototype that can be evaluated and continued to be iterated in the future. After the prototype was evaluated, most of the users were satisfied and it concludes that the prototype can deliver the user’s needs. The impact of using agile development methodology is that the development progress is more trackable and changes in features can be identified sooner than in other methodologies.

Keywords: agile methodology, low-code, recruitment platform, scrum.

1. INTRODUCTION
Based on a study from Indonesia Internet Providers Association (APJII), from the 266.91 million population of Indonesia, there have been 196.71 million users by quarter 2 of 2020, which equals 73.7\% of the total population in Indonesia. The number has increased by 14.92\% from the previous year [1]. With the huge amount of internet users as potential users, digital services will become more essential, and the ICT industry will continue to grow in the future.

According to the data that was collected from 7.012 companies all over 34 provinces by Statistics Indonesia (Badan Pusat Statistik, BPS), there are only 37\% of companies already have their website. It is also shown that in 2020, there are only 33\% of the companies that implement innovation 2020 (Badan Pusat Statistik, 2020) [2].

Based on the research that was conducted by Frost & Sullivan in 2018, Cloud Data Centre, Cloud Services, and Business Process Outsourcing (BPO) will keep growing until 2022. The growth of cloud services will be the highest compared to data centers and BPOs throughout the years. The cloud services market is currently led by Telkom Sigma with a 19\% revenue share, followed by Indonesia Cloud, XL-Axiata, and other cloud services providers [3]. With the growing potential of digital services market revenue in Indonesia, Maxtekno sees this as an opportunity to penetrate. Even though the cloud services market is led by big national companies, Maxtekno can enter the market with a broad portfolio and high experience in Singapore.

During these past 3 years, the number of applicants for Maxtekno has been increasing from more than 4500 in 2018 to almost 7500 in 2020. Although the number of recruited applicants is increasing as well, not more than 200 were recruited per year. The biggest number of recruited employees is in 2020 which is 153.

In Maxtekno, 8 phases need to be done during the recruitment process. Unfortunately, there are still a lot of manual processes, and the documents are not centralized. With the huge number of candidates in a year, the long process of recruitment, and a lot of manual processes that the HR department needs to do, an enhancement or a revamp will be needed for the current recruitment platform.
According to Reynolds and Weiner (2008), the typical job candidate flow model is shown in Fig 2. In this internet era, the careers site will first be used to attract candidates. To make a good first impression for the candidates, the “About our Company” page needs to reflect the company’s brand clearly and give details on company culture, major benefits and flexibilities for employees, testimonials from employees, and a clear statement on the meaning of working in the company. Next, job categories, career paths, and available positions will be shown to the job seekers. Once the job seekers are applying for a position, their personal information will be collected. To screen the candidates whether they are suitable for the position or not, some questions will be asked such as certifications and licenses, relevant experience, specific occupational skills, and other job-related characteristics. screening questions are not enough to provide depth of insight and an accurate view of the candidate’s capability and fit with a role. Hence, tests can be positioned at several points in the hiring process. Beyond screening questions and testing tools, richer assessment options consist of simulations of work activities that will be crucial for the candidate when on board [4].

Referring to Schweyer (2004), the talent management continuum shows the need to view the workforce management process as a recurring process that started with planning. A workforce plan is a variable instrument that makes every organization unique depending on its needs and structure. Thus, mapping available and potential talent is needed to broad and precise business objectives. Schweyer also mentioned that the workforce must first be analyzed. The growth and reduction of the workforce must be planned even until its development and redeployment [5].

Based on research by Mahadi and Dhewanto (2019), managing innovation is about how the company’s innovation meet the condition the need of the current situation in the company. Managing innovation allows the organization to respond to external and internal conditions, and use its creativity to make or create new ideas, processes, or products. This kind of management is needed in terms to gain competitive advantage or power in wide areas of industry. Managing innovation is about how to create and adopt the innovation for users or customers [6]. Since Maxtekno has been migrating to Microsoft stack, thus new technology enablement will be needed as part of innovation management.

The agile development methodology that will be used is the scrum methodology. The process can be seen in Fig.3.

As explained by Abrahamsson, et. al. (2002), Product Backlog defines the work to be done in the project. Backlog items can include, for example, features, functions, bug fixes, defects, requested enhancements, and technology upgrades. Effort estimation is an iterative process, in which backlog item estimates are focused on the more accurate level when more information is available on a certain Product Backlog Item. Sprint Planning Meeting is a two-phase meeting organized by the Scrum Master. The first phase of the meeting involves the customers, users, management, Product Owner, and Scrum Team to decide upon the goals and the functionality of the next Sprint. The second phase of the
meeting is held by the Scrum Master with the Scrum Team focusing on how the product increment will be developed in the Sprint by selecting the items from the Product Backlog. To keep on track of the progress of the Scrum Team continuously, daily scrum meetings are organized. It will discuss what has been done since the last meeting and what is to be done before the next one. Problems also can be carried out during the meeting. Then, the Scrum Team and the Scrum Master present the results of the Sprint to the management, customers, users, and the Product Owner. The participants assess the product increment and decide on the following activities [7].

Based on the business issues that have been identified, there are 3 questions to be researched, such as what requirements do the user need for the new recruitment platform? What kind of product accomplishes the user’s needs? And what are the improvements needed based on the current prototype and the current design?

This research is conducted to define the requirements of the new recruitment platform, to develop a prototype that will be able to deliver the user’s needs based on the requirements, and to gather feedback from the prototype for future improvement.

2. METHODS

The methodology in this research is shown in Fig. 4. First, the business issue is defined by a discussion with the stakeholders. Then, a root cause analysis of the business issue is conducted. After that, requirement gathering for the new recruitment platform is conducted by holding a meeting with the users, especially the HR team. After the requirement has been gathered, the product backlog that contains the tasks that should be done during the development is created. While preparing the product backlog, the development team also prepares high-level design such as system architecture and wireframe design.

Once ready, the sprint backlog is defined for each sprint during the sprint planning. Every day in each sprint, there will be a daily scrum meeting to keep the team up to date on what has been done and what is going to be worked on that day. At the end of each sprint, there will be Sprint Review Meeting to review what has been done in the sprints. If there is an increment that can be released, then the increment will be integrated with the previously released product. Sprint review also followed with Sprint Retrospective Meeting to discuss what has been done well on that sprint and what needs to be improved in the following sprint. Then, the development will continue to the next sprint starting with defining the sprint backlogs that need to be done in the sprint planning.

This research involves 2 HR department personnel. The research also involves 2 developers to validate the requirements whether it is feasible to be done and how is difficult to develop the features.

3. RESULTS AND DISCUSSION

3.1 Root Cause Analysis

To understand the root cause of the problem, an analysis is done by interviewing the stakeholders such as the HR team and the interviewer team. A Fishbone diagram is used, and the result can be seen in Fig. 5.

Figure 4 Research Methodology

Figure 5 Fishbone diagram

The problems are then analyzed to verify which problem is the root cause of the issue and which one is not. The full analysis can be seen in Table 1.
Table 1. Root cause analysis

<table>
<thead>
<tr>
<th>Possible Cause</th>
<th>Root Cause</th>
<th>Discussion</th>
<th>Cause?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>High Third-Party Subscription Price</td>
<td>The subscription price for online testing is too high</td>
<td>No</td>
</tr>
<tr>
<td>People</td>
<td>Lack manpower</td>
<td>It will be great if there is an addition of manpower for the recruitment division in HR</td>
<td>Yes</td>
</tr>
<tr>
<td>Product</td>
<td>No integration with other systems</td>
<td>Currently, there is no integration with another internal ERP systems</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Unused Scoring Field</td>
<td>Scoring field exists but unused because it is obsolete</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Outdated Technology</td>
<td>The technology used currently is outdated and too rigid</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>HR Only Access</td>
<td>Only HR department have the access to the admin site</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Lack of automation</td>
<td>There is still a lot of manual processes needed to be done</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Process</td>
<td>Document templates are in various places</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Documents are not centralized</td>
<td>There is still a lot of manual processes needed to be done</td>
<td>Yes</td>
</tr>
</tbody>
</table>

3.2 Pre-game Phase

The team then define the user stories needed to solve the problems that have been identified based on the root cause analysis. The user stories are shown in Table 2.

Table 2. User stories

<table>
<thead>
<tr>
<th>As a/an HR Recruitment Team</th>
<th>I want to</th>
<th>So that I</th>
<th>Can do</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Have an interface to assign interviewer and create an invitation in calendar</td>
<td>Can assign an interviewer and book their time seamlessly</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Have configuration tools</td>
<td>Can configure the flow and fields for the recruitment process</td>
<td></td>
</tr>
</tbody>
</table>

While the Product Owner defines the user stories based on the requirements from the user, the development team then creates the product backlog and the high-level design of the new recruitment platform. The technical architecture can be seen in Fig. 6. The recruitment platform will be created using Microsoft Power Platform to simplify the integration with Microsoft services that have been used by Maxtekno.

![Figure 6 Technical Architecture]

The product backlog for the development is shown in Fig. 7. There will be some of the pages that need to be created based on the application phase (e.g. Demo App Assessment, Interview Assessment). For each phase, there will be a listing page and a detail or scoring page. The phases are created separately so that the user access can be controlled based on the user role so that only privileged users are able to view and create scoring on each phase.
3.3 Development Phase

The development occurs in 2-weeks sprints. For every sprint, there will be a sprint planning meeting to define the tasks that need to be developed on that sprint and there will be a sprint review meeting at the end of each sprint to review the features or iteration that has been developed. There will be a sprint retrospective meeting at the end of each sprint to evaluate the process of the sprint. For the first two sprints, the sprint backlog that is being developed is shown in Fig. 8.

Figure 8 Sprint 1 and Sprint 2 Backlog

After the two sprints, the task has been completed so that in the new recruitment platform, the application listing and detail page, Work sample test (WST) assessment listing and detail page, live test listing and scoring page, and demo app listing and the scoring page has been created.

Then, a sprint review meeting with the HR team is conducted to gather feedback on whether the created features have met their expectations or not and whether any features need to be developed that were not yet defined in the product backlog. From the sprint review, the HR team mentions that the feature so far has met the requirements based on the developed features. The HR team also gives feedback that there is a need for a consolidated scoring page so that it could simplify the HR team when requesting approval from the management. For that, the task will be added in future sprints.

To add on, the comparison of the current recruitment process and the new recruitment process can be seen in Table 3.

Table 3. Existing and new recruitment process comparison

<table>
<thead>
<tr>
<th>Existing Recruitment Process</th>
<th>New Recruitment Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR needs to download the candidate’s CV and upload it to Microsoft Sharepoint</td>
<td>The CV submitted by the candidate can be seen in the new recruitment platform by the HR and the scorer</td>
</tr>
<tr>
<td>HR needs to create scoring sheets in Microsoft Sharepoint and fill in the candidate’s data manually</td>
<td>Scoring sheet will be provided in the platform and the candidate data is retrieved from the database</td>
</tr>
<tr>
<td>HR team needs to send Work Sample Test (WST) study case manually to the candidate</td>
<td>WST study case delivery to the candidate is able to be triggered from the platform</td>
</tr>
<tr>
<td>No integration to other systems in the company</td>
<td>Interface to other systems is ready to be used</td>
</tr>
</tbody>
</table>
4. CONCLUSIONS

As employee candidate increases, the HR team of a company needs a system that simplifies and centralizes all the process to be able to work faster and provide new employee faster to the company. To deliver the right solution for the HR team, root cause analysis is used, and then a requirement gathering is conducted. After that, the high-level design and product backlog are created. Based on the requirement gathering, it is defined that the HR team needs the platform to be able to have an advanced sorting feature, a role-based interface for documents and scoring, have an interface to assign an interviewer, and create an invitation in the calendar, and have a configuration tool. After two sprints, the team conducted a sprint review with the HR team. Using low-code platforms such as Microsoft PowerPlatform, the new recruitment platform could accomplish the user’s needs due to its built-in sorting feature and ability to configure the platform easily. The ability to assign an interviewer or scorer and create invitations to the calendar is also able to be done because the company already uses Microsoft 365 for the whole company. With the prototype created, the users see that the application could meet the requirements when it is ready. According to the sprint review as well, there is an addition of a feature based on the HR team’s feedback that they need a consolidated scoring page to simplify the process to ask approval from the management. Thus, the consolidated scoring page will be developed in future sprints.

REFERENCES


Digital Marketing Impact on Consumer Decision-Making Process

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3 Universitas Garut  
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ABSTRACT
Digital business is a business trend that currently has an impact on changing people's behavior in doing business. This study aims to discuss the impact of digital marketing on consumer decision-making on the Aerostreet shoe brand. Methods This research uses a quantitative approach involving 58 respondents. The data analysis technique used is simple regression with the help of the SPSS 25 program. The results show that digital marketing has a significant effect on consumer decision-making on the Aerostreet shoe brand. This explains that consumers tend to make purchases using technology in their business. This research is useful for the development of applied theory which states that consumer purchasing decisions in the fashion industry, especially shoes are influenced by digital promotion and marketing processes. The results showed the magnitude of the influence of 56.0%. This research also provides practical benefits for business actors to improve marketing performance by trying to adapt to technology as a promotion or sales strategy. because digital marketing can reach a wider market and is more flexible in terms of time and place.

Keywords: Digital Marketing; Purchase Intention; Technology; E-Commerce.

1. INTRODUCTION
Technology has given the most outstanding impact on the marketing fields. There have been many marketing models which exploit digital platforms to improve the performance of Small and Medium-Sized Enterprises in running the business [1]. Moreover, a great number of internet users also support this phenomenon [2].

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Internet Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2020</td>
<td>196,71 million</td>
</tr>
<tr>
<td>2018</td>
<td>171,17 million</td>
</tr>
</tbody>
</table>

As seen from Table 1, the survey conducted by the Indonesian Internet Service Providers Association (Asosiasi Penyelenggara Jasa Internet Indonesia, abbreviated APJII) claim that the number of Indonesian internet users has increased significantly. The increase throughout the year has reached 25.5 million people. This indicates that the internet has been people’s main need to support daily life.[4].

This condition contributes to the changes of people in Indonesia in using social media including eCommerce as the most accessed platform [5]. Realizing this potential, business actors need to adapt and be innovative in marketing the products or services by utilizing technology and information, and the internet [6]. In addition, the Covid19 pandemic has also caused customers to purchase everything via online transactions [7].

Digital Marketing has offered a lot of opportunities for SMEs to improve their sales without boundaries in terms of time and location [8]. The use of digital marketing has been significantly exploited by local brands namely AeroStreet, a shoe brand operated in Klaten and managed by ADCO Pakis Mas. Due to the Covid19 pandemic, this company decided to focus on online marketing to increase sales. However, the problems arise because there are many business competitors which also use digital marketing as their business strategies [9]. Besides, the customer hesitation in making purchasing decisions needs to be overcome by the company [10] since most Indonesian people have to ensure the quality of the products, especially the local brand products [11].

Digital marketing has been widely investigated in numerous studies which confirm that there is a strong combination between marketing and technology information [12]. These studies result in new terms and procedures in marketing so that...
the strategies of e-marketing gain more customer value than those of traditional marketing [13]. E-marketing can also attract significant segments of customer demographics or in other words, effectively reach a wider market [14]. Several studies have also confirmed that good digital marketing in a company can reduce marketing costs. Thus, digital marketing needs to be carefully planned by the company [15]–[17].

Several characteristics of digital marketing are the following [18], [19]:

1. Interactive, it enhances business interactions with the customers.
2. Incentive Program, is an electronic dialogue (interactive technology) that allows the customer to access information (community, individual), and vice versa.
3. Site Design, is an attempt to do every business activity through the internet for research purposes, analysis, and planning for attracting and retaining customers.
4. Cost, is intended to accelerate buying and selling of products and certain services and share information and idea on the internet.

Other research results also show that there are correlations between digital marketing and social media, as the most effective media in spreading the information [20], [21]. Social media allows consumers and sellers to build personal communication [22].

The consumer has the full right of deciding to purchase a certain product or service [23]. Consumer purchasing decision, however, is affected by external and internal factors. This decision-making process determines what to buy and what not. Consumer’s previous activities are also the other things that influence this [24].

There are five stages in a consumer’s decision-making process [25], [26]:

1. Need Recognition
   Purchasing process begins as the buyers recognize an issue or need. They experience the gap between the actual condition and the desired condition.
2. Information Search
   At this stage, the buyers are selective in selecting information to evaluate several alternatives to meet their need expectations.
3. Decision-Making Process
   This process is the result of considerations and evaluation and information searches before the final decision is made.
4. Purchase Decision

At this stage, when all stages have been passed, the consumers will finally decide whether or not they will purchase the product or service.

5. Post Purchase Behavior

Marketer’s job does not stop as the product is purchased but also continues to post-purchase period. After post-purchase, consumers will evaluate whether the product satisfies their needs or not.

Several studies also revealed that there was a significant relationship between digital marketing and purchase intention. The marketing content provided digital gives a significant impact on consumer satisfaction and purchase decision [27], [28].

Given the facts of these problems, the researchers formulated the research question to find out the influence of online business or business digitalization on customers’ decision-making in purchasing the products of Aerostreet. The purpose of this study is to explain the magnitude of the influence of digital marketing on purchasing decisions for consumers today, especially with the Covid-19 pandemic conditions which forced the public to limit their space of movement so that some activities were carried out online.

2. METHODS

The target population is Aerostreet consumers that have purchased Aerostreet shoe products. To determine the ideal population limit, the unit of analysis of this study is Aerostreet's consumers as individuals. The unit of observation of this research is the buyers or users of Aerostreet shoes who purchased from Shopee and WhatsApp. The formula for sample size refers to the number of independent variables, that is N >= 50 + 8i (i is the number of independent variables) [29]. Based on the calculation, the number of samples used was 58 respondents.

Based on Table 2, there are several characteristics of respondents in this study. The respondent criteria that have been set in this study were males and females aged 18 to 38 who lived in Java Island. People in the 18-38 age range are assumed to have ever purchased Aerostreet so it is suitable to be as respondents to find out their interest in purchasing the products that are marketing digitally. Meanwhile, Java Island was selected as the location of the research because of the highest internet users according to APJII.

<table>
<thead>
<tr>
<th>Table 2. AeroStreet Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profile</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Sex</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Age</td>
</tr>
</tbody>
</table>
### 3. RESULTS AND DISCUSSION

Based on the data processing with Excel for the 58 respondents in table 3, the total value for the digital marketing variable on Aerostreet products was very high. The attributes of successful digital marketing are described by the consumer’s ease and effectiveness in searching for product information online. Besides, Aerostreet products are available both in shopping online applications and on social media which makes consumers easier to get the products. Aerostreet as the shoe brand company also provides interactive services and interesting marketing promotions and builds close relationship communication with the consumers. These are the things that increase the customer power to Aerostreet products.

<table>
<thead>
<tr>
<th>No.</th>
<th>Dimension</th>
<th>Value</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Interactive</td>
<td>733</td>
<td>Very High</td>
</tr>
<tr>
<td>2.</td>
<td>Incentive Program</td>
<td>731</td>
<td>Very High</td>
</tr>
<tr>
<td>3.</td>
<td>Site Design</td>
<td>725</td>
<td>Very High</td>
</tr>
<tr>
<td>4.</td>
<td>Cost</td>
<td>740</td>
<td>Very High</td>
</tr>
</tbody>
</table>

The data processing with Excel on 58 respondents in table 4 showed that the total value of decision-making purchases in Aerostreet products was high. Need recognition dimension was the highest value obtained. This dimension indicated that consumers realized the types of shoes that they wanted. Besides, the total value obtained in the information search was also high. This was due to many variant shoes offered in Aerostreet so that the consumers could search for more information to meet their needs. The high value in the purchase decision-making process implies that the consumers are confident in making purchasing decisions at Aerostreet because the products offered have met their needs and satisfaction and the customers are likely to repurchase the products or give influence other potential customers in buying shoes.

<table>
<thead>
<tr>
<th>No.</th>
<th>Dimension</th>
<th>Value</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Need Recognition</td>
<td>735</td>
<td>Very High</td>
</tr>
<tr>
<td>2.</td>
<td>Information Search</td>
<td>729</td>
<td>Very High</td>
</tr>
</tbody>
</table>

The technique of data analysis in quantitative research uses statistical measurement. Linear regression is a statistical method to model the relationship between the dependent variable (dependent; response; Y) and one or more independent variables (independent, predictor, X). The interval was used as measurement scales that enable the researchers to calculate the data from the respondents arithmetically. To measure consumer behavior, the Likert scale was commonly used in marketing research. It is a scale that requires the respondents to give their answers on certain topics. The scale has several answer options such as strongly agree, agree, neutral, disagree, and strongly disagree.
The first analysis was performed to find out the positive or significant influence of digital marketing on consumer decision-making of Aerostreet products. The second analysis was conducted to discover the relationship level between product innovation and consumer satisfaction. The test was carried out using the F value, the significance of output results, and the coefficient of determination[33].

Table 5. Regression Testing

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>d.f</th>
<th>Mean Square</th>
<th>( F )</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1948.892</td>
<td>1</td>
<td>1948.892</td>
<td>71.393</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>1528.694</td>
<td>6</td>
<td>254.798</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3477.586</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on table 5, the hypothesis tested was whether digital marketing significantly influenced consumer decision-making purchases in Aerostreet. The test used a significance table as displayed in table 5 if the significance obtained was less than 0.05, \( H_a \) was then accepted, or in other words, there was a significant influence of digital marketing on consumers’ decision-making purchase in Aerostreet. Based on the analysis result in table 5, the F value obtained was 71,393 with a significance value of 0.000 meaning that there was a significant influence of digital marketing on consumers’ decision-making purchase in Aerostreet. This study also confirms the previous studies which revealed that digital marketing could give an impact on consumers’ purchase decisions[34]–[36].

Table 6. Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>( R )</th>
<th>( \text{R Square} )</th>
<th>Adjusted ( \text{R Square} )</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.749*</td>
<td>.560</td>
<td>.533</td>
<td>5.223</td>
</tr>
</tbody>
</table>

After recognizing that digital marketing has influenced on consumers’ purchasing decisions in Aerostreet, the other test performed was to find out the relationship level by using output results of \( R \) square or the coefficient of determination as seen in table 6. The value of the coefficient of determination obtained was 0.560 meaning that the value of digital marketing influence on consumer’s purchasing decisions in Aerostreet was 56%. This showed that the other, 44% was affected by other variables which were not examined in this study.

4. CONCLUSIONS

The result of the study shows that digital marketing has a significant relationship with consumers’ purchase decisions, particularly on Aerostreet products. This concludes that there are business actors play a significant role in making use of social media or eCommerce. Doing good digital marketing can affect consumers’ purchase decisions regarding the products sold. This is certainly one of the excellent business strategies for SMEs to maintain business existence amid the Covid19 pandemic condition.

ACKNOWLEDGMENT

This research was jointly carried out by lecturers and students from the Faculty of Entrepreneurship, University of Garut. This research is also supported and funded by the Faculty of Entrepreneurship, University of Garut. We also would like to extend our great gratitude to all parties who have participated in the completion of this research.

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Does Creativity Determine Business Success?
(A Survey study on Marketplace Users in Indonesia)

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ABSTRACT
This study discusses how creativity can lead to business success. We used a quantitative research design and 58 respondents were selected to take part in this study. The data were statistically analyzed with multiple regression using the SPSS application. Creativity can determine the success of a business. This implies that the success of marketplaces can be gained only if they can make creativity in business. This study has benefits in the development of applied theory which confirms that creativity can determine the success of a marketplace business because creativity is needed to be different from competitors. Being different and unique has the potential to make the marketplace grow. Intelligence in entrepreneurship will be very helpful if you are creative. In addition to solving problems, creativity is needed as capital to face business competition. For further research, it is expected to examine the dependent variable which was not examined in this study. The practical benefit of this study is that business actors need to carefully plan the business created for business continuity. This research model is based on previous research. The novelty of this study is that creativity could influence business success.

Keywords: Creativity; Business Success.

1. INTRODUCTION

Having particular activities that give benefits to ourselves and others is essential in our lives. One of which is to start running a business. In Indonesia, there have been a lot of entrepreneurs who have started the business including Tokopedia, an electronic commerce company often called an online store. The company was founded in 2009 and now it has achieved a unicorn title which is influential not only in Indonesia but also in Southeast Asia. Tokopedia is now the most visited e-commerce platform by Indonesian people.

A business is claimed to be successful if it has more profits than the previous period of time and compared with companies in the same field [1]. A successful entrepreneur in managing a business lies in the attitude and ability to run a business and work determination. Meanwhile, a high determination can often be seen from the creativity and self-confidence to move forward the business [2]. Creativity is a complex thing to review that gives different views [3].

Creativity to deal with business competition can be manifested into several things. This form of creativity is realized into several unique handmade craftsmanship products, authentic products that are not easily imitated by competitors, and changes of product designs. [4].

The rapid advancements in technology, computers, and telecommunications also lead to the development of internet technology. The rise of the internet allows business people to obtain any information easily to support their business activities. Moreover, the information available is so abundant that requires us to be selected in choosing relevant and correct information. [5].

Failure is the beginning of success. If someone gives up on failure, it simply means that he doesn't know that success is very near. These two sentences should be able to remind us not to give up easily. We can learn from mistakes or failures and become more experienced people so that success can be achieved [6-7].

Based on the explanation above the researchers are interested in discussing the study under the title,
“Creativity can determine business success (A survey study on marketplace users in Indonesia).

2. METHODS

This is a quantitative research that investigates the causal relationship between the independent variables and dependent variables in the object studied [9]. Quantitative research methods use numbers data that will be analyzed [10] [11]. This study used a survey to obtain data by distributing questionnaires or conducting interviews that will record the answers and will be analyzed [12] [13]. The scale used in the questionnaire was the Likert Scale. This scale was used to measure attitude, opinion, and individual or group perception concerning social phenomena [14] [15].

For quantitative analysis purposes, each question was given a five-point scale as seen in the following table I.

Likert Scale Instrument

<table>
<thead>
<tr>
<th>No</th>
<th>Answer Options</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strongly agree</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Somewhat disagree</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Strongly disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: [14,15].

According to [14], the sample is a representative part of the number and characteristics of the population. The sampling method used in this research was purposive sampling. This sampling technique was selected because the information could be obtained from a certain target group that provided the reasons for repeated purchases on marketplaces in Indonesia.

The population is a generalization area of objects or subjects that have certain qualities and characteristics determined by the researchers. The population target in this study was the marketplace customers.

According to [15], the sample is a representative part of the number and characteristics of the population. The sampling method used in this research was purposive sampling. This sampling technique was selected because the information could be obtained from a certain target group that provided the reasons for repeated purchases on marketplaces in Indonesia. The respondent’s criteria in this study were people aged 18 years above because they were deemed as consumers who could make decisions well. The sample of this study was 58 respondents. The total respondents were taken from the calculation result of N ≥ 50 + 8(i), i is a number of the independent variable in this study (Suhartanto, 2014) (Permana, 2020). The data obtained were then statistically analyzed by using the SPSS application.

3. RESULTS AND DISCUSSION

Based on the data processing using excel on 58 respondents, all statements on the questionnaire were proven valid. The result of the reliability test in SPSS showed that statement on business creativity in the marketplace had the highest reliability value as seen in the following Table 2.

Table 2. Reliability Business Creativity

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.933</td>
<td>12</td>
</tr>
</tbody>
</table>

The reliability test also showed that the reliability value of the statement on the business success in the marketplace was also high as seen in the following Table 3.

Table 3. Reliability business success

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.917</td>
<td>10</td>
</tr>
</tbody>
</table>

Regression Linear Test

This test was used to find out whether creativity could determine the business’ success in Marketplace or not. The indicators of the test were:

- If significance value > 0.05, Ho was then accepted meaning that creativity could not influence the business success of the marketplace.
- If the significance value < 0.05, Ho was then rejected which implied that creativity could determine the business success of the marketplace.

This test could also be used to discover how significant creativity could influence the business success of the marketplace.

Hypothesis:

H₀: Creativity cannot determine the business’s success in the marketplace.

H₁: Creativity can determine the business’s success in the marketplace.

Model Summary showed the value of correlation or relation (R) which was obtained as 0.759. The coefficient of determination (R Square) obtained from the output was 0.577. This implied that the influence of the independent variable (creativity) on the dependent variable (business success) was 57.7% as seen in the following Table 4.
A successful entrepreneur needs to be creative in setting the goals and in solving the problems to achieve the set objectives. Money is not the whole thing needed for an entrepreneur, but creativity is the most important thing in business. Creativity in entrepreneurship is the ability of entrepreneurs to create new product ideas that relate to their daily lives. A creative entrepreneur can make innovation [7]. Creativity in the process dimension can be defined as the thinking process in creating unique and creative ideas. Creativity is the process or ability that produces continuity, flexibility, and originality in thinking and it is the ability to elaborate (develop, enrich, explain) an idea [3]. The indicators of creativity include several qualities: 1) curious, 2) optimistic, 3) flexible, 4) capable of solving the problems, 5) original, 6) imaginative [1].

Every business has a primary goal and other goals. The main purpose of business is to earn a profit, grow and develop. Another goal of a business is largely determined by the expectations from the business owners or shareholders. Some of the other goals of the business include creating jobs, fulfilling the needs of people at standard prices, maintaining price stability, making people healthy, and others [8]. The indicators of determining the business success are 1) Capital, 2) Income, 3) Sales Volume, 4) Production Output, 5) Labor [1].

### Table 4. Model Summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.759*</td>
<td>.577</td>
<td>.569</td>
<td>4.718</td>
</tr>
</tbody>
</table>

The significance value was < 0.05, then H0 was rejected, meaning that creativity could determine the business success of marketplace as seen on the following Table 5.

### Table 5. Coefficients Model.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>9.65</td>
<td>3.604</td>
<td>.759</td>
<td>2.68</td>
</tr>
<tr>
<td>Creativity</td>
<td>.623</td>
<td>.071</td>
<td></td>
<td>8.73</td>
</tr>
</tbody>
</table>

### 4. CONCLUSIONS

Referring to the theoretical analysis and result of the study, the researchers conclude that creativity determines the business success of the marketplace. We expect that this result of the study could give benefits to other people and further research can develop this topic to find out the factors that contribute to and influence the business success of the marketplace.

### REFERENCES


The Effect of Endorser’s Credibility and Advertising Creativity on Attitude towards Brands through Advertising Effectiveness

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ABSTRACT
This study aims to determine and analyze factors that influence advertising effectiveness to create an attitude towards the brand. This research used quantitative methods with a causality type. The result of this research showed that the attitude towards the brand could be increased through advertisement effectiveness influenced by the advertising creativity and endorser’s credibility.

Keywords: Ad Effectiveness, Attitude towards Brand, Endorser’s Credibility, Ad Creativity, Gojek.

1. INTRODUCTION
In the current era, the trend continues to develop day by day, making competition in Indonesian business tighter. The high level of competition between companies makes each company required to have a different business strategy, have market share, and get high income from product sales [1]. Various attempts have been made by marketers to attract consumers’ attention. One of the tools in marketing that has received a lot of attention from experts and practitioners was advertising [2]. There are several specific objectives of advertising, including to form awareness of a new product or brand; informing the features and advantages of the product or brand on the packaging, forming a certain perception of the product or brand, forming a taste for the product or brand, persuading through the packaging to buy the advertised product or brand [3]. Some of these objectives are the efforts to increase sales profit in the long term [2]. Currently, advertising means promotion that is seen as an effective and powerful source of information, entertainment, and business communication media. So even though it does not directly result in purchases, advertising is a means to help effective marketing to establish communication between companies and consumers [4].

This has led to an increase in the use of advertising as a marketing weapon in many countries. In Indonesia, advertising spending in 2019 reached 169 trillion Rupiah for media conventional and 13.3 trillion Rupiah for digital media. This means that the total advertising spending reached 181 trillion Rupiah. Behind the fantastic amount of ad spending, there is one fundamental and important question for ad agencies and marketers, namely how to measure the effectiveness of their ads to encourage customers to the company brand [5].

Attitude towards a brand is consumer behavior which is closely related to brand value [7]. The overall evaluation of the brand carried out by consumers will be reflected on the attitude of the consumer’s response to the brand. The attitude towards the brand represents the influence of consumer evaluation of a brand, which can lead to concrete actions, such as liking and choosing the brand [6]. An effective advertisement must increase brand awareness and associate parts of the advertisement with the brand that is being advertised [8,9]. When an advertisement does not facilitate the ad’s reaction with the brand, its value is only to entertain the viewer. The advertisement is considered effective if the ad manages to attract the attention of viewers or readers to the brand [10].

Some literature shows that measuring the effectiveness of advertising can be done by calculating the most efficient cost and its impact on the optimum reach and frequency that can be achieved [5]. Advertising is not only to attract consumers' attention but also to
measure the effectiveness of the advertisement, to avoid a mistake that brings a large amount of financial loss. Other literature tries to analyze the effectiveness of advertising in terms of brand placement in memory or consumer perceptions of advertisements or brands [8-9]. A good or effective advertisement is an advertisement created for a specific customer and an advertisement that thinks about and understands the needs of the customer. In addition, an effective advertisement is an advertisement that can communicate specific benefits and emphasizes the specific actions that consumers must take [11]. Good (or effective) advertising understands that people don't buy the product, but they buy the benefits of the product and effective advertising is advertising that gets attention and is remembered, and gets people to act to make a purchase [11,12].

Advertising creativity can be said to be a very important component of advertising, and several previous studies have examined the relationship between creative advertising and advertising effectiveness [9,13,14,22]. There is also another opinion that creativity in advertising is the core of the effectiveness of an advertisement because it will be able to capture the attention of consumers and make advertisements more memorable [8,12]. Creative advertisements are advertisements that are considered original or do not imitate others, ads that are surprising, unexpected, full of meaning, and affect emotions. Creative ads make the audience pay attention to the ad in detail [15]. However, there is another opinion that creative advertising may indeed attract attention to the image and content of the ad but will distract from the attention of the brand that is being advertised, thus reducing the effectiveness of the brand being advertised [16].

Another thing that is also related to advertising effectiveness and attitude towards a brand is the widespread use of endorsers to increase advertising effectiveness. Because today consumers often idolize celebrities and sports athletes and consider them a credible source for several products [17]. One thing that is inherent in an endorser is the credibility that the endorser has. Endorser's credibility is defined as someone who is considered an expert in communicating messages (expertise), being honest and trustworthy in giving an objective opinion on a product [18]. Meanwhile, the other article mentions that the credibility of an endorser cannot be measured only from expertise, but also assessed by endorser's attractiveness by emphasizing physical attractiveness [19, 20, 21]. For this reason, advertisers are willing to spend a lot of money so that their brand can be associated with a credible endorser.

Gojek is an online motorcycle taxi service managed by PT Aplikasi Anak Bangsa, which uses many platforms for its marketing tools. One of Gojek's ad platforms is YouTube, and through this platform, Gojek encourages consumers to their brand and use their services. On July 22, 2019, Gojek rebranded their new logo and issued an advertisement entitled “Cerdikiawan”. On the YouTube site itself, the ad has reached 113,638,349 views. This advertisement itself has many elements ranging from advertising creativity with intriguing and funny messages delivered by Najwa Shihab, an Indonesian presenter in her distinctive voice.

Based on the background described, this research was conducted on the advertisement of Gojek Cerdikiawan by examining the relationship between endorser's credibility and advertising creativity on attitude towards brands through advertising effectiveness. From several research journals that have been mentioned, it can be seen that there are just a few journals that specifically examine the variable of advertising effectiveness as a mediating effect of the relationship between endorser's credibility and advertising creativity on attitudes towards brands. This research has not been carried out by many previous researchers.

2. METHODS

This research used quantitative methods with a causality type. It analyzed the data using descriptive analysis, Continuum line and statistical analysis with Partial Least Square Structural Equation Modelling (PLS-SEM) were conducted to find out the path analysis between variables. The operational variables of this study included:

1) Attitude toward Brand [9] by using three indicators.
2) Endorser’s Credibility [19, 21] by using eight indicators
3) Advertising Creativity [15,22] by using ten indicators
4) Advertising Effectiveness [9,10,12,14] by using three indicators

The sampling technique in this study used non-probability sampling type of purposive sampling of Gojek users who are viewers of the advertisement “Gojek Cerdikiawan” on YouTube. The data were collected through an online questionnaire distributed in the comment section. The questionnaire was in the form of semantic differential seven points. The research sample used for instrument testing was 30 respondents. While the research sample of hypothesis testing used was 86 respondents. The total number of respondents used was 116 respondents. This research framework for statistical analysis using PLS-SEM can be seen in Figure 1.

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3. RESULTS AND DISCUSSION

This research used a self-administered questionnaire where elements in the sampling frame completed the questionnaires distributed directly from the researcher to the respondents. Besides, google forms were circulated through social network sites YouTube. There were 86 respondents who filled out the questionnaire.

Table 1. shows that most of the respondents (62%) were female and 38% were male. The age of most respondents is 19-26%, still dominated by the millennial generation, but there is a unique finding that 29% of them are aged >41 years old. It was quite a large number indicating that the baby boomer generation has started watching YouTube. The average income of respondents is 3,500,000, which means that they can access the internet, especially the YouTube platform. The frequency of watching YouTube is very high, which is 48% watching YouTube every day. YouTube indicates a platform that is very popular with many Indonesians.

Table 1. Demographic description of respondents

<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Freq</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>33</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>53</td>
<td>62%</td>
</tr>
<tr>
<td>2</td>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;18 years</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>19 – 26 years</td>
<td>30</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>27-40 years</td>
<td>27</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>≥ 41 years</td>
<td>25</td>
<td>29%</td>
</tr>
<tr>
<td>3</td>
<td>Income / month</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt; 2.000.000</td>
<td>23</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>2.000.000 – 3.500.000</td>
<td>20</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>3.500.001 – 5.000.000</td>
<td>19</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>&gt; 5.000.000</td>
<td>24</td>
<td>28%</td>
</tr>
<tr>
<td>4</td>
<td>Frequency watching YouTube</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Everyday</td>
<td>41</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>2-3 kali in a week</td>
<td>33</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>1-2 kali in a month</td>
<td>12</td>
<td>14%</td>
</tr>
</tbody>
</table>

Pilot Testing / Instrument Test

Pilots test is vital to be conducted as it assures that the respondents can understand the questionnaire that the researcher intended to carry out [23]. The pilot testing involved 30 respondents, and all of the 4 variables were tested for internal reliability by using Cronbach’s alpha reliability analysis. Based on the results above, Cronbach’s alpha for the 4 variables ranged from the lowest of 0.861 which is the attitude towards the brand to the highest of 0.949 which is the ad creativity.

After that, the instrument was tested with a validity test, including 24 question items. After testing the instrument, 23 items were declared valid. One item was declared invalid, in which Ad Creativity had a total corrected item score of 0.223 less than 0.3. Then, the further questionnaire consisted of 23 question items.

Outer Model

On the outer model, testing composite reliability (CR) and average variance extracted (AVE) values were used to determine whether the latent variable was reliable or not. The expected value of two items was less than 0.7, then the latent variable was not feasible and could not be used in the formation of the PLS model. The calculation results using SMART PLS 5.0 software was shown in Figure 2. The value of all latent variables was higher than 0,7. This indicates that the variables are reliable to be used.

The model was also tested whether each indicator of variables was feasible. Testing was done by calculating the cross-loading value of each indicator against other indicators. An indicator should have a higher cross-loading value against other indicators. It was found that all indicators were reliable. The cross-loading value also fulfilled the convergent validity test in which all the factor loading was higher than 0.50.
Table 2 P-value for the direct and indirect effect.

<table>
<thead>
<tr>
<th>Structural Path</th>
<th>P Values For Direct Effect</th>
<th>P Values For Indirect Effect</th>
<th>P Values For Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ads effectiveness -&gt; Attitude Towards Brand</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Ads Creativity -&gt; Ads Effectiveness</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Ads Creativity -&gt; Attitude Towards Brand</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Endorser’s Credibility -&gt; Ads effectiveness</td>
<td>0.015</td>
<td>0.015</td>
<td></td>
</tr>
<tr>
<td>Endorser’s Credibility -&gt; Attitude Towards Brand</td>
<td>0.654</td>
<td>0.654</td>
<td></td>
</tr>
<tr>
<td>Ads Creativity -&gt; Attitude Towards Brand</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endorser’s Credibility -&gt; Ads effectiveness -&gt; Attitude Towards Brand</td>
<td>0.044</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C. Inner Model

After doing the calculation of the outer model, the next step in PLS-SEM analysis was to build the inner model. The aims were to know the influence of the independent variable on the dependent variable and its effect. Figure 2 shows the construct model used in this study. The model had five structural paths that were formed from the PLS model.

Table II illustrates the calculation of the p-value for each structural path of the PLS model. The expected p-value was less than 0.05 that indicated the significant influence of the independent variable on the dependent variable. Form all the path, it was only the endorser’s credibility to attitude towards the brand that was higher than 0.05. This means that the endorser’s credibility doesn’t have a significant effect.

After knowing the influence effect of the independent variable on the dependent variable, the next step was calculating the path coefficient value for each structural path. Table III shows that ads creativity has an influenced attitude towards brand equal to 63.8%. The highest path coefficient was ads creativity to ads advertising effectiveness (80.6%), which means creativity takes a huge influence on ads advertising effectiveness and attitude towards the brand. On the other hand, the influence of endorser’s credibility on advertising effectiveness is equal to 15.9%. Therefore, influence endorser’s credibility on attitude towards brand equal to 2.5%.

R-square value was used to find out how much dependent variables were determined by independent variables. Table IX shows that 84.8% of ad advertising effectiveness can be measured by the independent variable of this study, which is ads creativity and endorser credibility. Meanwhile, attitude towards brand measured 89% by ads advertising effectiveness and the other independent variable on this study, which means ads creativity and endorser credibility. Thus, it can be concluded that the model formed is robust.

D. The Influence of Endorser's Credibility and Ad Effectiveness

The results of this study indicated that an endorser who has high credibility is the right way to convey Gojek advertising messages. This is consistent with the results of other research [1,9,17], which explained that the use of high credibility endorsers in advertising was generally more effective than low credibility endorsers in terms of creating positive responses from consumers on advertisement [18]. In addition, in general, sending messages using sources that have high credibility will make messages easier to read and can have more effect on changing attitudes [19,20, 21]. From this research, it can be seen that endorsers who have high credibility and are used in advertisements made an effective advertisement.

E. The Influence of Advertising Creativity on Advertising Effectiveness

The results of this study indicated that the hypothesis which says "the more creative the ad, the higher the effectiveness of the advertisement" can be accepted. Thus, this study supports the research [8,9,15,22]. Meanwhile, this study contradicts the opinion [14,16] that creativity is only the ambition of copywriters and art directors, which is not proven [16]. The indicators in this variable have been adjusted to the conditions of consumers and existing Gojek advertisements. From the research results, it was known that creativity in advertising was an important attribute to achieve high advertising effectiveness. Advertising creativity was able to capture the attention of the viewers and make advertisements more memorable.

F. The Influence of Endorser's Credibility on Attitude towards brand

Table 3 Path Coefficient

<table>
<thead>
<tr>
<th>Structural Path</th>
<th>Path-coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endorser Credibility -&gt; Ads Advertising effectiveness</td>
<td>0.159</td>
</tr>
<tr>
<td>Ads Creativity -&gt; Ads Advertising effectiveness</td>
<td>0.806</td>
</tr>
<tr>
<td>Endorser Credibility -&gt; Attitude towards Brand</td>
<td>0.025</td>
</tr>
<tr>
<td>Ads Creativity -&gt; Attitude towards Brand</td>
<td>0.638</td>
</tr>
<tr>
<td>Ads Advertising effectiveness -&gt; Attitude towards Brand</td>
<td>0.342</td>
</tr>
</tbody>
</table>

Table 4. R-Square

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ads effectiveness</td>
<td>0.845</td>
<td>0.848</td>
</tr>
<tr>
<td>Attitude Towards Brand</td>
<td>0.886</td>
<td>0.890</td>
</tr>
</tbody>
</table>
Gojek Cerdikiawan's advertisement featured a verbal endorser with Najwa Shihab’s voice-over as the endorser. Najwa Shihab made a statement by filling in the voice-over for Gojek Cerdikiawan's advertisement. Najwa Shihab is seen as a highly credible endorser. By fulfilling several indicators of the endorser's credibility variable, which is defined as someone who is seen as an expert in communicating messages (expertise), being honest and reliable (trustworthiness) in giving an objective opinion on a product [18]. However, in this study, the credibility of the endorser did not show a significant relationship to the attitude of the brand, this proved that an endorser must appear physically in advertisements. The appearance of endorsers in advertisements cannot be just spoken or in the form of a voice-over. The credibility of an endorser cannot be measured only by skill and trust but also assessed by the endorser's attractiveness by emphasizing physical attractiveness [19,20]. The credibility of the endorser can be valued by emphasizing the physical attractiveness that is reflected in his presence in the ad.

G. The Influence of Advertising Creativity on Attitude towards Brand

When viewing advertisements, viewers will make a perception of advertising components such as ad quality, color dominance, creativity, and music [15]. Direct response in the form of good and bad responses to an advertisement directly / in addition to the measure of like-dislike, the affective reaction of consumers to advertisements, especially commercial advertisements, can be measured by statements of style, idea, production, credibility endorsers [9,22]. The reaction of this advertisement will be transformed towards the consumer's attitude towards the brand. By producing creative Gojek ads, it will make consumer attitudes towards the advertised brand more positive. This is indicated by Gojek ads that are more remembered, liked, and chosen than competing brands based on the advertisements displayed. From the research results, it was known that to create positive consumer attitudes towards the brand, good advertising creativity should be more attractive to make the brand of a company remembered by the consumers.

H. The Influence of Effectiveness of Advertising on Attitude towards brands

An effective advertisement must increase brand awareness and associate parts of the advertisement with the brand that is being advertised [8,9]. When an advertisement does not facilitate the ad's reaction with the brand, it is only entertainment for the viewer. The advertisement is considered effective if the ad manages to attract the attention of viewers or readers to the brand [10-13]. Gojek ads can be said to be effective advertisements because they made consumer attitudes towards the advertised brands more positive. This is indicated by Gojek ads that were more remembered, liked, and chosen than competing brands. From the research results, it was found that to create a positive consumer attitude towards the brand, high advertising effectiveness needs to be achieved by an advertisement.

I. The Influence of The Endorser's Credibility on the Attitude towards Brand – Indirect Effect

Endorser's credibility is one of the essential means of delivering messages to increase the effectiveness of advertisements to increase consumers' positive attitudes towards the brand. From the results of the analysis, it was found that the good credibility of an endorser was a more influential component than the corresponding component [7]. The results of this analysis showed that endorsers with high credibility, who had high consumer involvement, increased the effectiveness of advertising which was reflected in the increase in attitude towards brands towards consumers [1,2,4,8]. In this study, the credibility of endorsers did not directly affect attitude towards brands. However, when advertising effectiveness mediated the credibility of the endorser to attitude towards the brand, the significance value increased. That means the effectiveness of advertising had a fairly high mediating effect in Gojek Cerdikiawan's advertisement.

J. The Influence of The Advertising Creativity on the Attitude towards the brand – Indirect Effect

When audiences got a stimulus in the form of an advertisement, it will trigger a perception of advertising components such as ad quality, color dominance, creativity, endorser, music, and other elements [15]. They will give a direct response in the form of good and bad responses to an advertisement or in addition to the measure of like-dislike, the affective reaction of consumers to figure advertisements. Especially for commercial advertisements, they can be measured by statements of style, idea, production, originality, humor, new things, and other elements [9,22]. This research also found that advertisements bring up a humorous vibe that is easy to understand because it is related to the audience. The ads didn’t confuse the audiences because the advertisements had clear information and it is in accordance with existing facts or that are not too far-fetched or hyperbolic. Gojek Cerdikiawan's advertising reaction was transformed into the effectiveness of advertising. Meanwhile, the effectiveness of advertising had a positive effect on attitude towards brands, similar to the previous research results[6].

4. CONCLUSIONS

In today's increasingly fierce business competition, companies are competing to win over the attention of their consumers. Nowadays, companies try to influence consumers by forming certain perceptions about a product or brand. To achieve this goal, it can be done through advertising. In this study, an analysis of the
factors related to the effectiveness of advertisements that affect attitudes toward brands was carried out. Based on this study, seven hypotheses were developed, namely: (1) Endorser's credibility affected the effectiveness of advertising, (2) High creativity increased the effectiveness of advertising, (3) Endorser's credibility had no effect on attitude towards brand, (4) Advertising creativity had a very significant effect, which influenced attitude towards brand, (5) Advertising effectiveness had a positive effect on attitude towards brand, (6) Endorser credibility affected attitude towards brand through advertising effectiveness, and (7) Advertising creativity affected the attitude towards brand through Advertising Effectiveness. The higher the effectiveness of the advertisement, the more positive the attitude towards the advertised brand was. The results of this study are expected to be able to answer the formulation of research problems, namely how the process of producing effective advertisements in terms of the credibility of the endorser or advertising message carrier and advertising creativity can affect consumer attitudes towards the advertised brand.

REFERENCES


The Effect of Electronic Word of Mouth on E-Purchase Decision at Marketplace

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ABSTRACT
This study discusses the effect of eWOM information quality, eWOM information credibility, eWOM information usefulness on e-purchase decisions with 390 women respondents who use marketplace applications in Indonesia. This study employed Amos SEM data analysis techniques to test the hypotheses. The results of the study proved that all variables were declared influential and significant. Recommendations and implications are explained in this study so that they can be developed in future research.

Keywords: EWOM Information Quality, EWOM Information Credibility, EWOM Information Usefulness, E-Purchase Decision, Marketplace.

1. INTRODUCTION
The increasing development of the internet provides changes for consumers to seek information, behave, interact, and choose products to be used [1]. Consumers not only need information related to the required product but also information from sources/third parties who have previously used/purchased the product through computer media. The information is often referred to as eWOM/online reviews, which is considered an effective promotional model in marketing [2].

The amount of information obtained by consumers will be taken into consideration to get the best product and the company will continue to strive to improve the quality of the products offered. On the other hand, a large amount of information obtained will make it difficult for consumers to make choices in making decisions [3].

Indonesia is one of the countries that have significant marketplace development [4] and is predicted to continue to increase until 2023. However, data from the 2019 digital report states that although purchases have increased, Indonesia is only able to produce 23% and includes countries with low digital growth [5], which means that there are problems to solve.

COVID-19 pandemic provides opportunities for digital companies to continue to increase their promotions, this is proven where e-commerce growth continues to increase [6]. The value of e-commerce transactions has continued to increase since 2017-2020, which means that it will also increase digital transactions rapidly [7]. The fashion and beauty and health categories are still the best-selling consumer product choices in the marketplace during the COVID-19 pandemic, based on the data taken from a survey of 3500 online consumers spread across Southeast Asia. Previous research has proven that the internet influenced consumers to explore information from various reviews from other consumers [8]. Based on the background above, this study discussed the influence of eWOM information quality, eWOM information credibility, and eWOM information usefulness on e-Purchase decisions in marketplaces in Indonesia.

1.1 eWOM Information Quality
The quality of the reviews and the relevance of the information obtained will provide a positive experience for consumers and provide benefits in making decisions [9]. Consumers who have a greater intention to adopt, when finding useful information which information quality and information usefulness have a positive effect on the usefulness of information that is influenced by information quality [10, 11].
1.2 eWOM Information Credibility

The role of the credibility of the information source will result in the perception of the recipient of the message and be the beginning of the persuasive process of individuals to adopt the information obtained [11,12].

eWOM information credibility will positively affect eWOM information usefulness in addition to information adoption and purchase intention [3].

1.3 eWOM Information Usefulness

Consumers will consider reviews important when they decide to buy a product based on the results of the information obtained because the usefulness of information is considered a predictor for consumers to adopt information [10,11].

1.4 e-Purchase Decision

Online purchasing decisions are a process of choosing a product that consists of an ordering system that is on a company's web [13]. The usefulness of information will affect improving company performance in the form of increased online purchases [14], [15].

Research Hypothesis Models and Concepts

1. eWOM Information Quality (X1) affects eWOM Information Usefulness (Y1)
2. eWOM Information Credibility (X2) affects eWOM Information Usefulness (Y1)
3. eWOM Information Usefulness (Y1) affects e-Purchase Decision (Y2)

2. METHODS

This research is explanatory research. The population of this study was marketplace visitors with a total sample of 390 respondents by using probability sampling for technique sampling [16]. The data were analyzed using SEM AMOS to test the hypothesis.

3. RESULTS AND DISCUSSION

In this model, measurements were made using the Fit Measurement Model to measure validity and reliability through CFA (Confirmatory factor analysis). Here are the results obtained:

1. The eWOM Information Quality variable has a value of 0.968 and has good construct reliability.
2. The eWOM Information Credibility variable has a value of 0.968 and has good construct reliability.

3. The eWOM Information Usefulness variable has a value of 0.978 and has good construct reliability.
4. The e-Purchase Decision variable has a value of 0.974 and has good construct reliability.

3.1 Model goodness of Fit Test

<table>
<thead>
<tr>
<th>Good of Fit Index</th>
<th>Results</th>
<th>Critical Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cisquare/DF</td>
<td>2.918</td>
<td>2 &lt; X^2/df &lt; 5</td>
<td>Good Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>0.918</td>
<td>≥0.9</td>
<td>Good Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>0.802</td>
<td>≥0.9</td>
<td>Bad Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.779</td>
<td>≥0.9</td>
<td>Bad Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.068</td>
<td>≤0.08</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMR</td>
<td>0.281</td>
<td>≤0.05</td>
<td>Bad Fit</td>
</tr>
</tbody>
</table>

Source: Research Data Processing, 2021

The results of the data indicate that the c.r. has met the criteria where 3 out of 6 values are concluded in good criteria so that the model is feasible for research.

Source: Research Data Processing, 2021

Figure 1. Research Model Structure

1. The effect of eWOM Information Quality on eWOM Information Usefulness is significant as indicated by the CR value above the t table value of 10.073 meaning that EIQ has a significant influence on EIU. These results support the research conducted by [2, 3, 11].

2. The effect of eWOM Information Credibility on eWOM Information Usefulness is significant as evidenced by the total CR (Critical Ratio) value which is greater than the t table value of 11.244 and supports the previous research results [2, 3, 11].

3. The effect of eWOM Information Usefulness on e-Purchase Decision is significant with a value of 6.690 above the t table value and supports the results of the previous study [10].

4. CONCLUSIONS

This study was conducted to see the influence of eWOM information quality, eWOM information credibility, eWOM information usefulness on e-purchase decisions, especially in the marketplace.
It showed that all hypotheses were declared influential. This study focused on the marketplace in Indonesia that examined consumer behavior in deciding to make purchases online based on sources of information obtained from previous consumers. As a consideration, good quality information through clarity of information, ease of understanding of information, style of information conveyed and details related to products are part of a good level of quality in a product.

Meanwhile, the credibility of information from reviews related to the brand, reputation, accuracy of the credibility level will also be taken into consideration in the message conveyed to consumers. The results of good quality and credible information were used by consumers to adopt and bring it into action in a purchase decision.

The results of this study contribute to the promotion strategy through eWOM in the form of information that comes from consumers who have purchased products and will have an influence on other potential consumers based on the information they receive.

REFERENCES


Analysis Effectiveness and Efficiency of the Product Delivery System at PT Multiglass Safety Glass Division

Angga Dewi Anggraeni

Abstract

Information technology is the main thing that is used as a support for work activities so that it can produce fast, precise and accurate information. To achieve this, other supporting resources are needed such as reliable software and human resources who must master the capabilities of information technology itself. This is also based on the value of effectiveness and efficiency in the information systems carried out by each company, one of which is the provision of information systems provided by PT Multiglass Safety Glass Division.

Management Information System (MIS) is a collection of sub-systems that are interconnected or integrated between one system and another, which aims to assist management in obtaining quality information. So that it can optimize employee work so that it can be completed quickly, in accordance with the objectives of the information system itself, namely increasing task completion, increasing overall effectiveness, including economic effectiveness. Previously we have known that Effectiveness means doing the right thing and Efficiency means doing the right thing or right. This is also related to the role of information systems and information technology in the company where it is effective if the system is good when used and helps management levels in the company and is efficient if this system has replaced the role of humans so that it can facilitate work. In the development of the information system for receiving orders and shipping goods at PT Multiglass Safety Glass Division, the EDN system can be said to have had its own advantages in its field, but this must also be done in conjunction with optimization in the work of employees, where system functions must be improved again so that in accordance with the functions and objectives of the company but does not harm other parties, where if the system has worked very optimally, of course there will be a reduction in human labor in the company's work.

Keywords: Information Technology, Management Information System, Effectiveness, Efficiency.

1. INTRODUCTION

In the current era of globalization, information technology is a very important need for all of us, including in the business sector. Even from the lower level to the upper level business, information technology is still the main thing that is used as a support for work activities so that it can produce fast, precise and accurate information. To achieve this, other supporting resources are needed such as reliable software and human resources who must master the capabilities of information technology itself.

It is also based on the value of effectiveness and efficiency in the information system carried out by each company. Not only that, in addition to the business that forms the basis of competition between companies, the sophistication of the system in each company is certainly a benchmark for technological developments that every company has followed. With the increasing number of companies, the competition for industrial development is absolutely necessary in order to obtain the progress that is highly desired by every company. For this reason, several efforts are needed so that the company is able to win the competition. One of the efforts that can be taken is to provide effective and efficient information systems based on advanced technology.

One of them is the provision of an information system provided by PT Multiglass Safety Glass Division. Where PT Multiglass Safety Glass Division is a subsidiary of PT Mulia Industriindo, Tbk which is a manufacturing industry that produces glass, glass blocks and ceramics. Meanwhile, PT Multiglass Safety Glass Division itself produces special safety glass for cars in...
the domestic market and for several buses in Indonesia. PT Muliagla Safety Glass Division provides a more modern information system in the field of ordering and shipping goods where the data is partly processed by the system while the rest is processed by humans. The system has automatically ordered goods previously approved by the marketing department and then transferred to the PPIC (production, planning, inventory, control) department to take care of the preparation of goods, checking, packing and shipping until the goods reach the consumer.

The system is named the EDN (Electronic Delivery Note) system whose job is to function as a system that regulates ordering goods after obtaining approval from the marketing department. After that, the delivery staff will check whether the ordered item is still available or not, if the ordered item is available and ready to be packaged, the next action is to send the item to the consumer, but if not, then the process needs to be awaited by the consumer. Very long.

From the results of the author's observations during the internship at PT Muliagla Safety Glass Division, there is an inefficiency and efficiency in carrying out the activities of receiving orders and shipping goods where even though they have used a good information system, there are many shortcomings that are felt to be corrected, namely, After getting approval from the marketing side, the section where the delivery staff is required to print proof of ordering goods and reprint the type of goods ordered there is found problems in paper wastage and lack of efficiency in the system.

Because an effective and efficient information system must be able to address all aspects, including reducing costs and also helping human work. In addition, the human resources owned by the company also need to be balanced with skills or expertise that support the system used in order to achieve the company's goals quickly and precisely.

1.1. Management System Information

According to general terms or definitions that are often used and found, Management Information System (Management Information System or often known by its abbreviation SIM (Management Information System)) is the application of information systems within the organization to support information needed by all levels of management. MIS (Management Information System) can be defined as a collection of interacting information systems that are responsible for collecting and processing data to provide useful information for all levels of management in planning and control activities.

Meanwhile, here are some experts who express their opinions about Systems, Information, and Management Information Systems. Among them:

Reference [1] "Analysis of Information Systems", Information systems are a group of elements that are closely related to one another, which function together to achieve certain goals.

Reference [2] "Introduction to Information Systems", the system is a network of related procedures, collected together to perform an activity or for a specific purpose. And Information is data that is processed into a form that is more useful and more meaningful to those who receive it.

Reference [3] "Introduction to Information Systems", Information systems (information systems) are an organized combination of people, hardware, software, communication networks, and data resources that collect, transform, disseminate information in an organization.

Reference [4] "Information systems are a combination of work procedures, information, people, and information technology that are organized to achieve goals within an organization." George M. Scott in [4] “A Management Information System is a collection of interactions between systems information that provides information for both managerial and operating needs.”

Reference [5] "Management Information Systems", Management Information Systems is an activity that combines theories of computer science, management science, research operations with a practical orientation to combine system solutions to problems day-to-day operations and manage these sources of information. In addition to supporting decision making, coordination, and supervision, information systems also assist managers and employees in analyzing problems, describing complex issues, and creating new products.

1.2. Effectiveness and Efficiency of Information Systems

Previously we have known that Effectiveness means doing the right thing and Efficiency means doing the right thing or right. Both effectiveness and efficiency require companies and individuals to continuously set targets, analyze work carefully, set priorities, and always focus on something that can provide the greatest impact or value for every time spent.

One of the benefits of management information systems used by companies is to increase operational efficiency where investment in information system technology can help company operations become more efficient. Operational efficiency enables the company to implement a low-cost leadership cost advantage strategy. This is in line with the statement of [6] "Strategic Management", Efficiency is a measure of the level of resource use in a process. The more efficient or less use of resources, the process is said to be more
efficient. An efficient process is characterized by process improvement so that it becomes cheaper and faster.

1.3. Determinants of Information System Effectiveness

There are nine determinants of the effectiveness of information systems that can be used as a framework for measuring and analyzing the effectiveness of information systems, namely: System Quality is the internal characteristics of the information system itself; Information Quality is the quality of information which is the output of an information system, an information must be a representation of reality; Perceived Usefulness Is the user's view of the usefulness of the information system, if the user has a good view of the information system, it will increase the use and effectiveness of the information system; Computer Self-efficacy Is the user's belief that he is able to play a good role in information system-based organizations, related to the user's ability to use computers; Perceived Ease of Use Is the user's view of how easy the information system is to use; Information System Use Is the level of use of information systems in an organization; Information System Satisfaction Is the level of user satisfaction with the existence of aspects of information systems in their work; Individual Impact Is the influence of the information system on the user individually; Organizational Impact Is the influence of information systems on the organization as a whole.

2. METHODS

The type of research used in this study is descriptive qualitative research, which describes the data as they are and explains the data or events with qualitative explanatory sentences, as expressed by [7] qualitative methods to obtain in-depth data, and a data that contains meaning, which can significantly affect the substance of the research. The data used in this study are qualitative and quantitative data.

Data collection is a very decisive stage on the process and results of the research to be carried out. The data collection used in this research is the method of documentation. The documentation method is a way of collecting data obtained from existing documents or stored records. To obtain the data, the researcher used primary data, where the data were obtained from documentation sources.

The method of analysis begins with the calculation of the level of effectiveness and efficiency level. To be able to find out and measure the level of effectiveness of the implementation, the formula used is [8]:

\[
\text{Effectiveness} = \frac{\text{Output}}{\text{Input}} \times 100 \%
\]

Figure 1. Formula Level of Effectiveness

<table>
<thead>
<tr>
<th>Effectivity Ratio (%)</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 100</td>
<td>Very Effective</td>
</tr>
<tr>
<td>90 - 100</td>
<td>Effective</td>
</tr>
<tr>
<td>80 – 90</td>
<td>Effective enough</td>
</tr>
<tr>
<td>60 – 80</td>
<td>Less effective</td>
</tr>
<tr>
<td>&lt; 60</td>
<td>Ineffective</td>
</tr>
</tbody>
</table>

Table 1. Ratio Effectiveness

3. RESULTS AND DISCUSSION

Assessing whether the system used by the PPIC delivery department of PT Muliaglass Safety Glass Division has been effective and efficient, it can be seen from the performance carried out by the system has achieved the company's goals or not. The author sees the delivery system in the Delivery section using the Electronic Delivery Note (EDN) system which has been used for almost 4 years since 2014. Based on observations, the authors found the advantages and disadvantages of the system that the company felt had to be addressed again so that the value was effective and more optimally efficient.

Such as in the process of receiving a note for ordering goods or a Delivery Note where the note must be printed on paper for further processing, even though the note is printed as needed without the need for printing other information which will take up a lot of paper. In addition, the crosscheck process carried out by staff employees who spend a lot of time and energy may not be in line with the results issued by the system (output). Because before doing crosscheck, staff employees are required to download EDN, labels and kanban which go through a fairly long process even though they have used the system, besides that many system settings are still manual, so the process is done repeatedly. Where if we look at the functions and objectives of information systems that are helpful in human work and minimize the use of time and energy.

The following is a flowchart of part of an order through the EDN system:
Figure 2. Order flowchart via EDN system

The implementation is as follows:

a. View emails from consumers who have placed orders. Booking can only be done at a predetermined time, which is around 11.00-15.00 WIB with the provisions of the standard operating system;

b. If there is no email, then immediately confirm it to the marketing department immediately so that the ordering process for goods is immediately processed, while if there is, it can be continued with the printing of the Summary Order Delivery. After that, we can directly enter the download process using the EDN system, first make sure to use a special EDN computer, this computer has been modified by the company in such a way before to optimize the delivery system.

c. Open the EDN shortcut, then click start which is on the left of the visible glass screen. We can input the username that we have previously or can use the provided company username, then click yes.

d. The most important thing in the process of downloading the EDN system is to make sure the computer used is connected to the internet connection, if it is not connected it is immediately activated, while if it is, it can be continued to the next process.

e. Open Internet Explorer, then re-enter your username and click yes then you will see an internet explorer account security request, you only need to input your username and password.

f. Then the next step is to click print on the display that appears, then select the menu that will be printed and change the EDN date in the ordering process and the desired delivery. Select unprinted data and choose No Delivery Note (DN) to be printed, after that, the Delivery Note (DN) format will appear then click print.

g. Print only as needed. The above process is an example of an EDN printing procedure, the process of printing kanban and labels can be repeated selecting the menu to be printed in the g process.

h. The next step is to cross check the previously printed document whether it is complete or incomplete, if it is not complete, you can return to the download process, if it is, then you can put the document in the delivery information area which is specially made for delivery documents. However, before placing the delivery information in place, first cross check the summary DN with the DN downloaded from the EDN web.
i. After that, paste the kanban and label on the product that is ready to be packaged, then return to the manual process to mark the handling unit (HU) number with the cycle number.

4. CONCLUSIONS

Based on the analysis table, it can be concluded as follows: The delivery system at PT Muliaglass Safety Glass Division can be said to be effective because consumers can get the same goods as what was sent by the company, if taken by themselves. Likewise with the delivery system which can be said to be efficient because with the development of technology, consumers do not need to send sales from the company to offer purchases of goods but can already be via email.

ACKNOWLEDGMENT

This study was supported by the Pos Indonesia Polytechnic, Business Management Study Program and the Indonesia University of Education.

REFERENCES


Analysis of Brand Loyalty Level at T.O Benhil Rice Store in Tasikmalaya

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ABSTRACT

This study aims to measure the level of brand loyalty at T.O Benhil rice shop in Tasikmalaya. The level of brand loyalty is measured based on five indicators, namely (1) Switcher Buyer, (2) Habitual Buyer, (3) Satisfied Buyer, (4) Liking of The Brand Buyer, and (5) Committed Buyer. This study used a descriptive research design. The subjects of this study were the consumers of T.O Benhil Rice. While the object of this research is the level of brand loyalty to T.O Benhil Rice. Sampling was done using the purposive sampling technique. The data were collected using a questionnaire instrument, then analyzed with a descriptive approach. The results of this study indicated that the level of brand loyalty at the T.O Benhil Rice shop based on the five indicators was (1) Switcher Buyer was 66.25% with high criteria; (2) Habitual Buyer was 70% with high criteria; (3) Satisfied Buyer was 84.5% with very high criteria; (4) Liking of The Brand Buyer was 83.25% with high criteria; and (5) Committed Buyer was 84.5% with high criteria. Based on these data, the level of T.O Benhil Rice brand loyalty in Tasikmalaya City was 77.7% with high criteria.

Keywords: Brand Loyalty, Switcher Buyer, Habitual Buyer, Satisfied Buyer, Liking of The Brand Buyer, and Committed Buyer.

1. INTRODUCTION

The culinary industry is increasingly growing in various regions in Indonesia. Data from the Creative Economy Agency (Bekraf) of the Republic of Indonesia noted that the culinary sub-sector contributed 41.4 percent of the total creative economy contribution of IDR 922 trillion from 2016 to 2018. This number is the highest compared to 16 other subsectors in Bekraf RI [1].

Tasikmalaya is a city with a variety of characteristics, ranging from batik, embroidery, weaving, geulis umbrellas, various culinary delights, and others. One of the typical culinary delights in Tasikmalaya is the tutug oncom (T.O) rice. According to Wikipedia, Tutug Oncom Rice or Sangu Tutug Oncom in Sunandese is often abbreviated as T.O Rice, which is food made from stirred rice with fried or grilled oncom. The serving of this food is generally warm. In Sundanese, the word tutug means to pound. The process of stirring rice with oncom is the name of a type of food known as tutug oncom. Tutug oncom rice is a legendary Tasikmalaya specialty. Even though it is a typical food, tutug oncom can be brought as gifts because now instant tutug oncom products are available that have been packaged and can last for months without using preservatives.

Some people choose a business by opening a T.O rice shop, ranging from simple to modern concepts. Some of the T.O rice stalls that are easily found around the center of Tasikmalaya are T.O Benhil rice, T.O Rahmat rice, T.O Sudimampir rice, T.O Mughni rice, and T.O Jaga Raga rice. In addition, there are also many rice shops or restaurants that provide T.O. All T.O rice stalls compete by serving a variety of flavors in the hope of satisfying customers. T.O rice consumers consist of local people and immigrants. Kedai Nasri T.O always hopes to have consumers who tend not to easily switch shops. This is because there is a match between the flavors offered and the tastes that customers or consumers like.
Until now, there has been no research on the most consumers every day at T.O and no one has researched the best and superior T.O rice shop. However, there is an interesting thing about one of the rice stalls with a simple appearance, but the parking lot is quite large enough to fill the parking area. Thus, it is assumed that the shop is in demand and has loyal customers every day and week. There is no special thing when we see this shop, whether the atmosphere or the design. The atmosphere has an important role in the restaurant and its achievements through the processing of architecture and design. Therefore, this research was conducted to see the impact of brand loyalty level, so the shop can compete against bigger and modern restaurants with the same product. T.O Benhil rice shop, which is located at Dadaha Street is precisely adjacent to one of the universities, namely UPI Tasikmalaya Campus. T.O Benhil rice shop has at least 6 employees who are ready to serve customers or consumers. The interesting thing about this shop is also the time. Nasi T.O Benhil is only open from 06.00 am to a maximum of 11.30 am. A fairly simple dish of T.O rice, fresh vegetables, chili sauce, and mendoan can tempt customers to always increase their portions. It was found that some customers always asked for additional portions of rice and mendoan, even asking to be wrapped up to be brought to their home or workplace.

Based on the interview with one of the consumers, he said that T.O Benhil rice was his favorite T.O rice along with his family, and his co-workers. The consumer added that other customers also said the same thing about T.O Benhil rice and even became loyal customers, as in one week at least they visited T.O Benhil rice three times. One of the factors in creating the Benhil brand is through social networking. The results of previous studies said that the practice of social networking had a positive influence on brand trust and loyalty [2].

Brand loyalty is a precondition for a firm's competitiveness and profitability [3]. Brand loyalty also is a measure of the customer relationship to a brand [4]. This measure can provide an idea of whether a customer might switch to another brand, especially if the brand is known to have had changes in price, taste, or other changes [5]. Brand loyalty is formed based on consumer behavior. The results of previous studies stated that "cognitive processes have a negative impact on brand loyalty, while engagement (dislike of participation and self-expressive brands) has a positive direct effect on brand loyalty" [6].

Brand loyalty that is owned by a brand or shop can be measured by grouping the consumers of the brand or shop into five levels of brand loyalty. The levels of brand loyalty include 1) Switcher Buyer (buyers who switch brands), 2) Habitual Buyer (buyers who are habitual), 3) Satisfied Buyer (buyers who are satisfied with the cost of purchasing a customer), 4) Liking of The Brand Buyer (the customer who loves the brand), 5) Committed Buyer [7].

Brand loyalty plays a role in determining the level of consumer action towards a brand or shop (Agustin & Atmosphere, 2020). Thus, to be able to survive and be superior in a business, various brands or shops certainly hope to have high brand loyalty. Therefore, this study was conducted to analyze the level of brand loyalty at a T.O Benhil rice stall in Tasikmalaya City.

1.1. Theory

1.1.1 Brand Loyalty

Susanto and Wijanarko explain that brand loyalty is the basis of brand equity created by many factors, one of which is an experience [8]. However, loyalty is influenced partly by the other major dimensions of brand equity, awareness, association, and perceived quality [9]. In some cases, loyalty can largely stem from the brand's perceived qualities or attribute associations. However, these three factors cannot always be explained.

Brand loyalty is a relationship between customers and a brand. Brand loyalty also is a measure of the customer relationship to a brand [4]. This measure describes whether or not a customer may switch to another brand offered by a competitor, especially if the brand is found to be a difference in price or other attributes [10].

Brand loyalty is defined as the tendency for positive emotional, evaluative, and/or behavioral responses to branded alternatives or choices, labeled or graded by individuals in their capacity as users, choice makers, and/or buying agents [11].

1.1.2 Brand Loyalty Function

Brand loyalty has four functions [12]. The four functions are as follows.

1) Reduced marketing

If a brand already has brand loyalty from customers, then marketing costs can be reduced. This is because customers are already loyal to the brand so they don't need to do much to make customers trust.

2) Trade leverage

If a customer already has brand loyalty to a brand, then they will buy any products from that brand. This is because these customers already have a positive perception of the brand, making it the number one choice.

3) Attracting new customers

Brand loyalty from loyal customers can attract the attention of potential new customers. Someone who already trusts and has brand loyalty will usually tell their experience of using products from that brand.
4) Provide time to respond to competitive threats

If a competitor launches a new product, brand loyalty will work and there are still many loyal customers. Meanwhile, the company or manufacturer has time to make a response in the form of a change or other to still win customers’ trust.

1.1.3 Levels of Brand Loyalty

Five levels of brand loyalty can be used as an indicator in measurement [4]. Here are the levels of brand loyalty.

1) Switcher Buyer (buyers who switch brands)

Customers who are at the Switcher Buyer level are customers at the most basic level of the brand loyalty pyramid in general. Customers with switcher loyalty have the behavior of frequently switching brands, completely disloyal, or not being interested in the brands that are consumed. The most visible characteristic of this type of customer is buying a product because of the low price or other incentive factors.

2) Habitual Buyer (customary buyers)

Habitual Buyer is a routine activity of consumers in buying a product brand, including the process of making purchasing decisions and liking the product brand. Customers who are in the habitual buyer level can be categorized as customers who are satisfied with the product brand that is consumed or at least the customer does not experience dissatisfaction in consuming the brand.

3) Satisfied Buyer (buyers who are satisfied with the cost of switching)

At this level, a customer of a brand is categorized as satisfied when the customer consumes the brand, although the customer can transfer purchases to another brand by bearing the switching cost associated with time, money, or the performance risk inherent in the action customers switch brands.

4) Liking of The Brand Buyer (buyers who like the brand)

Customers who fall into the liking of the brand buyer category are customers who like the brand. At this level, there are emotional feelings associated with the brand. Customer liking could be based on associations related to symbols, a series of experiences in previous use, either personally experienced or by relatives, or due to high perceived quality. However, often this liking is a feeling that is difficult to identify and trace carefully to categorize into something specific.

5) Committed Buyer

In the loyalty stage, the committed buyer, the customer is a loyal customer. The customer has pride as a user of a brand and even the brand becomes very important to the customer in terms of function and as an expression of who the customer is. At this level, one of the actualizations of buyer loyalty is shown by the act of recommending and promoting the brand to other parties.

2. METHODS

The research was conducted using descriptive research. The object of this research is the level of brand loyalty to T.O Benhil rice in Tasikmalaya, with the research subject being the consumers of T.O rice itself. In this study, the research instrument used was a questionnaire. The questionnaire used in this study contains questions in the form of multiple choices and the answer consists of five alternative answers to the Likert scale. The questionnaire was distributed to consumers of T.O Benhil rice by taking the sample using a purposive sampling technique with gender and customer criteria. The following is a brand loyalty questionnaire instrument.

Table 1. Questionnaire Instruments

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switcher Buyer</td>
<td>1. How often do you buy TO rice in other places besides Benhil?</td>
</tr>
<tr>
<td></td>
<td>2. How often do you buy TO rice in other places besides TO Benhil because the price is cheaper?</td>
</tr>
<tr>
<td>Habitual Buyer</td>
<td>3. Do you agree to buy TO Benhil rice because of habitual factors?</td>
</tr>
<tr>
<td></td>
<td>4. Do you agree to buy TO Benhil rice because many people also eat it?</td>
</tr>
<tr>
<td>Satisfied Buyer</td>
<td>5. Are you satisfied with the taste offered by TO Benhil rice?</td>
</tr>
<tr>
<td></td>
<td>6. Are you satisfied with TO Benhil rice in overcoming hunger?</td>
</tr>
<tr>
<td>Liking of the brand buyer</td>
<td>7. Do you really like TO Benhil rice?</td>
</tr>
<tr>
<td></td>
<td>8. Is TO Benhil rice the best quality TO rice than the others?</td>
</tr>
<tr>
<td>Committed Buyer</td>
<td>9. Do you suggest other people to consume TO Benhil rice products?</td>
</tr>
<tr>
<td></td>
<td>10. Do you feel happy and comfortable when consuming TO Benhil rice?</td>
</tr>
</tbody>
</table>

Analysis of Brand Loyalty Level

The analysis technique used to measure brand loyalty is as follows.
a. Mean

The average is used to determine the single value of each brand level. Therefore, it can be used to describe the research variables. There are five class intervals to categorize the average calculation results with the following formula.

$$\text{Interval} = \frac{\text{skala tertinggi} - \text{skala terendah}}{\text{jumlah kelas}} = \frac{5 - 1}{5} = 0.8$$

The rating scale ranges from 1) 1.00 - 1.80 = very low; 2) 1.81 - 2.60 = low; 3) 2.61 - 3.40 = sufficient; 4) 3.41 - 4.20 = height; and 5) 4.21 - 5.00 = very high.

b. Standard Deviation

Standard deviation is used to show the spread of each level of brand loyalty by categorizing it into five ranges of the same rating scale as the range of the rating scale in the mean calculation.

c. Percentage

A percentage is used to state how big the level of brand loyalty is. To find out the level of brand loyalty, each indicator was first analyzed using the following formula.

$$\text{Percentage of Switcher Buyer} = \frac{\text{total Switcher Buyer}}{400} \times 100\%$$

$$\text{Percentage of Habitual Buyer} = \frac{\text{total Habitual Buyer}}{400} \times 100\%$$

$$\text{Percentage of Satisfied} = \frac{\text{total Satisfied}}{400} \times 100\%$$

$$\text{Percentage of Liking of The Brand Buyer} = \frac{\text{total Liking of The Brand Buyer}}{400} \times 100\%$$

$$\text{Percentage of Committed Buyer} = \frac{\text{total Committed Buyer}}{400} \times 100\%$$

After the calculation of each indicator was obtained, the level of brand loyalty was obtained from the average percentage of the criteria for all indicators by presenting the data as shown in Table 3 as follows.

The average result is the level of brand loyalty at a T.O Benhil Rice Store in Tasikmalaya City.

3. RESULTS AND DISCUSSION

The research results from selected respondents using purposive sampling on each indicator or research variable are as follows.

A. Switcher Buyer

Switcher Buyer is measured by questions number 1 and number 2 on the brand loyalty questionnaire. The frequency and percentage for answers of number 1 and 2 on the brand loyalty questionnaire can be seen in Table 4.

<p>| Table 2. Achievement Percentage Criteria |
|-----------------|-----------------|-----------------|</p>
<table>
<thead>
<tr>
<th>No</th>
<th>Percentage Interval</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>85% - 100%</td>
<td>Very high</td>
</tr>
<tr>
<td>2</td>
<td>66% - 84%</td>
<td>High</td>
</tr>
<tr>
<td>3</td>
<td>51% - 65%</td>
<td>Enough</td>
</tr>
<tr>
<td>4</td>
<td>36% - 50%</td>
<td>Low</td>
</tr>
<tr>
<td>5</td>
<td>0% - 35%</td>
<td>Very Low</td>
</tr>
</tbody>
</table>

The total for each indicator was divided by 400 which is the maximum score. The criteria or categories of percentages can be seen in Table 2.
B. Habitual Buyer

Habitual Buyer is measured by questions numbers 3 and 4 on the brand loyalty questionnaire. The frequency and percentage for answers of number 3 and 4 on the brand loyalty questionnaire can be seen in Table 5.

Table 5. Frequency Answer Numbers 3 and Numbers 4

<table>
<thead>
<tr>
<th>Answer</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally Disagree</td>
<td>2</td>
<td>2,5%</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
<td>20%</td>
</tr>
<tr>
<td>Doubt</td>
<td>14</td>
<td>17.5%</td>
</tr>
<tr>
<td>Agree</td>
<td>36</td>
<td>45%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>12</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100%</td>
</tr>
</tbody>
</table>

Mean = 3,5
Standard Deviation = 1,05

C. Satisfied Buyer

Satisfied Buyer is measured by question numbers 5 and 6 on the brand loyalty questionnaire. The frequency and percentage for answers of number 5 and 6 on the brand loyalty questionnaire can be seen in Table 6.

Table 6. Frequency Answer Numbers 5 and Numbers 6

<table>
<thead>
<tr>
<th>Answer</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Satisfied</td>
<td>1</td>
<td>1,3%</td>
</tr>
<tr>
<td>Enough</td>
<td>13</td>
<td>16.3%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>33</td>
<td>41.3%</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>33</td>
<td>41.3%</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100%</td>
</tr>
</tbody>
</table>

Mean = 4,2
Standard Deviation = 0.76

D. Liking of The Brand Buyer

Liking of the brand buyer is measured by questions number 7 and number 8 on the brand loyalty questionnaire. The frequency and percentage for answers of number 7 and 8 on the brand loyalty questionnaire can be seen in Table 7.

Table 7. Frequency Answer Numbers 7 and Numbers 8

<table>
<thead>
<tr>
<th>Answer</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not True</td>
<td>2</td>
<td>2.5%</td>
</tr>
<tr>
<td>Doubt</td>
<td>11</td>
<td>13.8%</td>
</tr>
<tr>
<td>True</td>
<td>39</td>
<td>48.8%</td>
</tr>
<tr>
<td>Very true</td>
<td>28</td>
<td>35%</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100%</td>
</tr>
</tbody>
</table>

Mean = 4,16
Standard Deviation = 0.75

E. Committed Buyer

Committed Buyer is measured by questions number 9 and number 10 on the brand loyalty questionnaire. The frequency and percentage for answers of number 9 and 10 on the brand loyalty questionnaire can be seen in Table 8.

Table 8. Frequency Answer Numbers 9 and Numbers 10

<table>
<thead>
<tr>
<th>Answer</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not True</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Doubt</td>
<td>6</td>
<td>7.5%</td>
</tr>
<tr>
<td>True</td>
<td>47</td>
<td>58.8%</td>
</tr>
<tr>
<td>Very True</td>
<td>26</td>
<td>32.5%</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100%</td>
</tr>
</tbody>
</table>

Mean = 4,22
Standard Deviation = 0.63

Based on the weighted results of the answers to each of the questions in the questionnaire regarding the variable brand loyalty of a T.O Benhil rice shop, a percentage can be made for each indicator and criteria as presented in Table 9 below.

Table 9. Results of T.O Benhil Brand Loyalty Rice Analysis

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>Percentage</th>
<th>Interval</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Switcher Buyer</td>
<td>66,25%</td>
<td>66% - 84%</td>
<td>High</td>
</tr>
<tr>
<td>2</td>
<td>Habitual Buyer</td>
<td>70%</td>
<td>66% - 84%</td>
<td>High</td>
</tr>
<tr>
<td>3</td>
<td>Satisfied Buyer</td>
<td>84,5%</td>
<td>85% - 100%</td>
<td>Very High</td>
</tr>
<tr>
<td>4</td>
<td>Liking of the brand buyer</td>
<td>83,25%</td>
<td>66% - 84%</td>
<td>High</td>
</tr>
<tr>
<td>5</td>
<td>Committed Buyer</td>
<td>84,5%</td>
<td>85% - 100%</td>
<td>Very High</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>338,5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 9 above, each indicator of brand loyalty can be explained as follows. First, the switcher buyer (buyers who switch brands) is a customer who is at this level of loyalty is said to be a customer at the most basic level. Switcher Buyer is measured by questions number 1 and number 2 on the brand loyalty questionnaire. Based on the results in Table 9, it shows that respondents who like to switch brands amount to 66.25%. Thus, the information obtained provides an overview for T.O Benhil rice that the percentage of consumers who like to switch brands is high.

Second, the habitual buyer is a consumer who buys a brand only out of habit. Habitual Buyer is measured through questions number 3 and 4 on the brand loyalty questionnaire. Based on the results in Table 9, it shows that respondents who are habitual buyers are 70%. Thus, the information obtained provides an overview for Nasi T.O Benhil that the percentage of habitual consumers is high.

Third, satisfied buyers (buyers who are satisfied with switching costs) are consumers who have satisfaction...
with their actions in consuming a brand, even though they may also consume other brands. Satisfied buyer is measured through questions number 5 and 6 on the brand loyalty questionnaire. Based on the results in Table 9, it shows that respondents who are satisfied buyers with the switching costs amount to 84.5%. Thus, the information obtained illustrates for T.O Benhil rice the percentage of consumers satisfied with the switching costs is relatively high.

Fourth, the Liking of The Brand Buyers are consumers who really like the brand. Liking of the brand buyer is measured through questions number 7 and 8 on the brand loyalty questionnaire. Based on the results in Table 9, it shows that respondents who like brands are 83.25%. Thus, the information obtained provides an overview to T.O Benhil rice that the percentage of consumers who like the brand is high.

Fifth, the committed buyer is a consumer who is loyal to a brand and the actualization of his loyalty is shown by recommending the brand to others. The committed buyer indicator is measured through questions number 9 and 10 on the brand loyalty questionnaire. Based on the results in Table 9, it shows that respondents who are committed buyers are 84.5%. Thus, the information obtained provides an overview for Nasi T.O Benhil that the percentage of committed consumers is very high.

Based on the results and discussion of the five indicators above, the mean percentage of the five indicators can be obtained. The mean percentage of the five indicators is 77.7% with high criteria. The results of the mean and criteria are the answers to the formulation of the problem in this study. It can be said that the level of brand loyalty of T.O Benhil rice store in Tasikmalaya is high with a percentage of 77.7%. This indicates that the customers like and are loyal to T.O Benhil rice store because it always presents a satisfying taste. Therefore, customers often promote the T.O Benhil rice store to their family, friends, and other consumers.

4. CONCLUSIONS

Based on the analysis and discussion that has been presented, the conclusions are as follows. The level of brand loyalty of Nasi T.O Benhil on the Switcher Buyer indicator was 66.25% with high criteria indicating that consumers rarely changed brands or were loyal to T.O Benhil rice store. The habitual level of buyer indicator was 70% with high criteria which indicated that consumers bought T.O Benhil Rice because of current habits and trends. The level of satisfied buyer indicator was 84.5% with high criteria indicating that consumers were satisfied so that they are loyal to T.O Benhil rice store. The level of liking of the brand indicator was 83.25% with high criteria which indicated that consumers liked T.O Benhil rice because of its taste. The level of committed buyer indicator was 84.5% with very high criteria which indicated that consumers often suggest and promote T.O Benhil rice store to others. From the five indicators, the mean was 77.7%. Thus, based on the formulation of the problem, the level of brand loyalty or customer loyalty of T.O Benhil rice store was classified as high.

REFERENCES


Mutual Business Relationship Development Efforts
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ABSTRACT
Maintaining the relationship between the company and customers and partners (suppliers) is an important thing that must be done in developing and maintaining long-term relationships to create a sustainable competitive advantage. Lack of knowledge about banking transactions of business actors in traditional markets and the benefits of digital platform-based financial causes some traders to still use the services of loan sharks in obtaining loans (capital). This research aims to determine the impact and efforts of mutual business relationship development at Pasar Sehat Genteng in collaboration with the Bank BJB Garut branch in providing banking digital literacy assistance. This research used a qualitative approach with descriptive methods. Pasar Sehat Genteng collaborates with Bank BJB Garut branch to provide banking and digital financial transaction platform facilities as a new model option in traditional markets in facing the digital era, and also as a means of direct banking financial literacy education for both traders and the public in implementing financial technology in traditional markets such as paying levies through the BJB Digi application and QRIS, as well as doing a transaction with buyers. The implementation of financial technology literacy provides many benefits for all parties at the traditional market such as reducing the risk of counterfeit money, reducing the supply made by loan sharks to traders, the financial records up-to-date and accountable anytime, and minimizing the spread of the covid-19 virus through transactions at traditional markets.

Keywords: Business-to-Business (B2B), Mutual Business Relationship, Financial Technology, Traditional Market.

1. INTRODUCTION

New payment alternatives in form of non-cash transactions as well as digital transformation require the actors of business to collaborate on technology in their efforts to maintain business competition. In designing a business strategy, companies need to design relationship marketing strategic thinking that comes from the customer mindset to the business mindset, to create an effective and efficient business. Maintaining the relationship between the company and customers and partners (suppliers) is an important thing that must be done in developing and maintaining long-term relationships to create a sustainable competitive advantage.

The development of the industrial revolution era 4.0 raises three main challenges for MSMEs. First, the application of digital technology where MSMEs are now required to be technology literate if they want to compete in the business and industrial world. Second, the collaboration between the government and the business world in assisting MSMEs to access a wider market. The third is capital. Until now, there are still many MSME players who have difficulty developing their business because they do not get loans from banks [1].

The main problems in the development of MSMEs are in terms of capital and marketing [2]. The presence of financial technology (fintech) can be one of the solutions to solve problems that are happening in the community, especially for people who live far from the city center and for people who are classified as unbanked [3].

The growth of the financial technology (fintech) industry in Indonesia is considered capable of opening access to capital while at the same time encouraging the development of the small, medium, and micro-business sectors (MSMEs). With the many benefits from the presence of fintech, it is necessary to have an understanding of the community, especially MSME players, of financial and digital literacy, so education for MSME players is very important [4].
Pasar Sehat Genteng is a private traditional market that is managed and initiated by the Yasebha Foundation. Pasar Sehat Genteng is different from other traditional markets, where the management of Pasar Sehat Genteng implements a stall or store by a rental system that is extended every year, and the rental price reaches the middle to lower class so that it provides an opportunity for people who want to do business in Pasar Sehat Genteng. The problems being faced by Pasar Sehat Genteng, which is located in Cilawu District, Garut are:

1. Challenges of digital platform-based economic development and competition.
2. The capital of some traders is still small, and some of them are still tempted to use services (loan sharks).
3. The amount of counterfeit money that is still valid in traditional markets.
4. There was an error in data input in financial management because it still used manual and non-real-time patterns.

The very rapid development of technology requires Pasar Sehat Genteng to collaborate with the Garut branch of Bank BJB to maintain and collaborate on their respective business strategies in implementing financial technology in traditional markets.

Based on the above phenomena, this research was conducted in the form of analysis of mutual business relationship development efforts carried out by the Pasar Sehat Genteng with bank BJB to describe the benefits (impact) obtained in the implementation of fintech by Pasar Sehat Genteng and Bank BJB Garut branch.

1.1. Theory

The business market consists of all the organizations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others [5]. The business market has been defined to include organizations that buy products and services for use in the production of other products and services that are sold, rented, or supplied to others [6]. Business-to-business (B2B) marketing refers to the process of buying and selling goods or services to be used in the production of other goods and services, for consumption by the buying organization and/or resale by wholesalers and retailers [7].

1.1.1 Business to Business (B2B) has the following characteristics:

1. Multiple decision-makers.

The B2B purchasing decision process involves many people and the application requires a different role from each individual involved in the purchasing decision process with high complexity.

2. Longer decision cycle

B2B decision-making circles have a very long time compared to B2C, so the time between signing the contract and payment and delivery of goods takes a long time.

3. Customer-specific discounts

B2B has a very complex variety of prices, discounts and product availability compared to B2C. Discounts will not be the same between business customers, discounts are given depending on the number of items purchased.

4. Conflict with direct sales channels

Many B2B companies have excellent sales teams, but they are unhappy with the online sales model because it reduces their bonuses and revenue.

5. International markets

B2B e-commerce is used as a method to overcome regional and state barriers to go global, but legal aspects, culture, and norms that apply in a country need to be an important concern.

1.1.2 Business suppliers and customers are exploring different ways to manage their relationships.

One key aspect of strong customer relationships between businesses is the concept of vertical coordination. Building trust is a prerequisite to enjoying healthy long-term relationships. Several forces influence the development of a relationship between business partners, including the availability of alternatives, importance of supply, complexity of supply, and supply market dynamism. Based on these buyer-supplier relationships can be categorized into eight categories [5].

1. Basic buying and selling—Simple, routine exchanges with moderate levels of cooperation and information exchange.

2. Barebones—These relationships require more adaptation by the seller and less cooperation and information exchange.

3. Contractual transaction—Defined by contract, these generally have low levels of trust, cooperation, and interaction.

4. Customer supply—In this traditional supply situation, competition rather than cooperation is the dominant form of governance.

5. Cooperative systems—Participants are united in operational ways, but neither demonstrates structural commitment through legal means or adaptation.
6. Collaborative—Much trust and commitment through collaboration can lead to true partnership.

7. Mutually adaptive—Buyers and sellers make many relationship-specific adaptations, but without necessarily achieving strong trust or cooperation.

8. Customer is king—In this close, cooperative relationship, the seller adapts to meet the customer’s needs without expecting much adaptation or change in exchange.

1.1.3 There are 7 issues of the form of relationship between B2B Buyers and Sellers [6]:

1) Trust vs Formality,

Trust plays an important role for Business to Business (B2B) because this trust greatly determines the sustainability of the relationship between buyer and seller. Buyer and seller relationships are strictly limited by contractual agreements. This is due to differences in the forms of agreement, culture, and geographical location in the global scope, which affect the role and trust in business, and agreements are made based on the laws and culture in force in a country. Certainly, aspects of trust and formality must be of particular concern in B2B relationships.

2) Power and dependence

In connection with the power and dependence between the two parties, this results in a poor relationship because one party can regulate (dictate) the other.

3) The complexity of the relationship

The closeness function of this relationship has a tendency where the more the interaction between the buyer and the seller, the more complex the relationship will occur, at the same time, a closer relationship will be established.

4) Supplier relations

It concerns the coordination of suppliers with each other and the relationships that can develop from these companies.

5) Conflict and cooperation

Conflict is inevitable when companies have different goals, backgrounds, and seek to work together. If conflicts are resolved reasonably, cooperation is the result.

6) A longer-term result

The result of long-term conflict relations is an adaptation. As a result of forming relationships, each business person adapts to each other to form better relationships.

7) Relationships can be considered as long-term investments

To produce long-term relationships with other parties, every business actor tries to understand each other to create better cooperation.

2. METHODS

This research used a qualitative approach with descriptive methods. Qualitative research methods are research that intends to collect and analyze data in the form of numbers which are generally obtained through structured questions. Where descriptive research has the aim of describing a situation or event and connecting it with a literature review, then data analysis is carried out according to the research method [8].

The population of this study was a mutual business relationship between Pasar Sehat Genteng and Bank BJB, Garut Branch, which is located on Jalan Genteng-Munjul, Kab. Garut. The data were collected through interviews and observations. In this research, in-depth interviews were conducted with the Director of Pasar Sehat Genteng and the field staff of Bank BJB who is in charge of Pasar Sehat Genteng. The analysis was carried out only up to the description stage, namely analyzing and presenting facts systematically so that they were easier to understand and conclude.

3. RESULTS AND DISCUSSION

Pasar Sehat Genteng is a private traditional market that is managed and initiated by the Setia Bhakti Genteng Foundation. Pasar Sehat Genteng was founded in June 2010 which is located at Kp. Sindang Sari, Margalaksana Village, Cilawu Garut District. The establishment of Pasar Sehat Genteng began with the high levels of poverty and unemployment in the Cilawu sub-district. It is hoped that the existence of business fields and increased income will help overcome these problems. In addition, Pasar Sehat Genteng has a very strategic location that can serve 14 villages with a potential coverage of agricultural and livestock products.

Starting with the establishment of only 12 stalls in 2010, the enthusiasm of the people who are unable to become entrepreneurs has been very high. This happens because Pasar Sehat Genteng provides an opportunity for people to trade at very affordable costs. Seeing the demand from the enthusiasm of residents who want to be entrepreneurs and the increasing number of consumers, in early 2011 Pasar Sehat Genteng increased the number of stalls and expanded the area of the self-help market. Currently, as of April 2021, Pasar Sehat Genteng is home to 110 traders, 20 shops, 197 stalls, and 60 street stalls.

The mechanism applied by the Pasar Sehat Genteng is by renting a stall, shop, and street vendor every year with a socio-entrepreneur concept. To maintain market sustainability, this mechanism is applied to avoid the sale of shophouses as in other traditional markets, and also
provides opportunities for people, especially those with weak economic conditions, to be able to sell in Pasar Sehat Genteng. If the system used is the buying and selling of stalls, those who will sell in this market are likely people with middle to the upper economic class who can afford to buy stalls. Therefore, with the stall rental system at an affordable price, Pasar Sehat Genteng managers hope that all people have the same opportunity to be able to sell.

3.1 The Featured Program of Pasar Sehat Genteng

Socio-Entrepreneur and Friendly Concept for the Middle to Lower Class

The presence of Pasar Sehat Genteng does not monopolize economic activities but embraces those who are in weak economic condition. The presence of Pasar Sehat Genteng opens opportunities for the people of Cilawu District and its surroundings who come from limited economies to become market traders with not too large capital. Pasar Sehat Genteng does not sell stalls, but rents out stalls that are in line with the vision of a Pasar Sehat Genteng to advance economically weak communities. Rental prices for stalls and stalls, which are very affordable and can be paid in installments through daily savings, have attracted the weak economy communities to be able to trade several commodities in this market.

Pasar Sehat Genteng has segmented areas based on products, namely wet products such as vegetables, and dry products such as clothing and groceries. The amount of the rental price in the Pasar Sehat Genteng varies, depending on the location and size of the stall or stall building. Based on an agreement with market residents by 2021, the rental price for the street stalls is around Rp1,850,000 per year, stall rental prices range from Rp2,300,000 up to Rp3,750,000 per year, and for the shop rental prices range from Rp4,000,000 up to Rp6,500,000 per year.

3.2 Traditional Markets that are Comfortable, Healthy, and Women Friendly

Pasar Sehat Genteng is very convenient for consumers and traders because of its clean environment. The management related to cleanliness collaborates with traders who are committed to maintaining a healthy image that is carried by this traditional market. In addition, this market is very friendly to women who are the main consumers of this market. Based on surveys conducted in 2012 and 2013 with The Very50 Japan, 92% of market consumers are women aged between 25 - 50 years. Under these conditions, various services on the market make women comfortable. Steps that have been taken include the existence of a special toilet for women as well as various promotional media as well as the theme of a stall with the theme of feminism. Other programs were also implemented, including road contours and easy access for women, as well as various themes of women's atmosphere that were also presented in this market. These concepts make consumers always choose this traditional market as their means to fulfill their needs and sell their agricultural products.

3.3. Independent Waste Management System

Pasar Sehat Genteng not only carries the concept of cleanliness but is also healthy so that in its management it has an independent waste processing with a scheduled processing process accompanied by permanent officers. The following briefly presents a diagram of the independent waste processing system implemented in Pasar Sehat Genteng (Fig. 1):

3.4 Improve the welfare of the local community

The existence of the Pasar Sehat Genteng has opened various professions and other economic activities as derivatives of market activities such as porters, motorcycle taxis, parking services, small shops, rented houses, and others that can absorb local workers. This condition has helped improve the welfare of the community, such as the large number of people who can buy motorbikes, reducing dropout rates, increasing local zakat receipts, and other indicators.

3.5 Increase in the number of local entrepreneurs

In 2010, when establishing this market, Pasar Sehat Genteng only had 90 stalls and all of them were sold for rent by local people, especially farmers. Currently, in 2021 there are 277 stalls, shops, stalls that have been operating and the demand for stall rental is increasing because many small people are interested in becoming traders in the hope of improving their economic life.
3.6 Mutual Business relations efforts in Pasar Sehat Genteng with Bank BJB

Through the collaboration between the Pasar Sehat Genteng and the Garut Branch of BJB Bank in educating the financial literacy of traders and consumers who are still very low on literacy and banking access, currently, they want to join forces to implement financial digitization, so that breakthrough steps have been launched that are digital disruption and financial inclusion. This step is the application of the QR Code Indonesia Standard (QRIS) and BJB Digi to support transactions at Pasar Sehat Genteng. The application of QRIS which has UNTUNG characteristics (UNiversal, GampanG, Untung & Langsung) is considered very appropriate to be launched at Pasar Sehat Genteng. BJB Digi with its various features provides convenience, both for traders, market consumers, and market managers to carry out banking activities digitally and make transactions anytime and anywhere.

There are obstacles faced by the Pasar Sehat Genteng in implementing financial technology in collaboration with Bank BJB:

1. There are still many traders who do not understand banking.
2. Pasar Sehat Genteng traders have different age ranges, and many traders still do not have smartphones.
3. Access to bank credit is perceived by traders to be complicated due to many requirements, so there are still many traders who choose loan sharks.

3.7 The implementation of financial technology of QRIS and BJB Digi

In early March 2021, data were collected on Pasar Sehat Genteng traders for making bank BJB accounts with a total of 110 traders and activating the implementation of BJB Digi for traders who have supported technology devices with 25% of 27 traders.

In April 2021, the activation of BJB Digi was continued as much as 50% to merchants who are familiar with e-commerce and carry out digitalization education implementation activities by starting daily fees and savings payments through the QRIS feature within the BJB Digi application. For traders aged 40 years and over, direct assistance is provided by the Mini Bank BJB team and Pasar Sehat Genteng officers.

3.8 Mini Bank BJB-Yasebha

Pasar Sehat Genteng is a non-governmental organization engaged in the community empowerment-based socio-economic development sector that fully supports the Officeless Financial Services for Inclusive Finance Initiatives in collaboration with bank BJB presenting the LAKU PANDAI feature of Bank BJB. This is in line with those in the field who are fully aware that there are still many people who do not know how to use or get banking services and other financial services because they live in locations far from bank offices.

Pasar Sehat Genteng established Mini Bank BJB-Yasebha to implement the LAKU PANDAI initiative in the area around Pasar Sehat Genteng. The objectives of disruption in the implementation of LAKU PANDAI are as follows:
- As a means of banking transactions for traders, consumers, and the public;
- Bridging conventional transactions to digital-based transactions;
- Serving cash and non-cash transactions and other banking services;
- Bringing banking closer to society and elements of traders and consumers in traditional markets.

3.9 Business Assistance and Banking Access

As a form of efforts to develop the excellence of Pasar Sehat Genteng management to strengthen capacity and increase the number of local entrepreneurs, Pasar Sehat Genteng management has also collaborated with bank BJB, including business management assistance, banking education programs for traders and consumers as an effort to bridge access to capital and productive credit from banks. This is an adaptation as the result of forming relationships in which each business person adapts to each other to form better relationships. Relationships can be considered as long-term investments, and those who are business actors producing long-term relationships with other parties will try to understand each other to create better cooperation [6].

3.10 The impact from the efforts of mutual business relationships in Pasar Sehat Genteng with Bank BJB

Through the implementation of financial literacy education carried out by Pasar Sehat Genteng in collaboration with Bank BJB, market citizen traders get the following benefits:

- Simplification of buying and selling transactions with buyers and suppliers,
- Security from the spread of counterfeit money and the covid19 virus (without touch),
- Increased awareness in saving and become a means of financial literacy education
- Building a history of banking transactions to access capital from banks
The impact obtained by the management of Pasar Sehat Genteng in implementing financial literacy education with bank BJB are as follows:

- Effectiveness and efficiency in time
  - Before implementing QRIS, it takes 4 hours to collect retribution and savings for market residents by the Pasar Sehat Genteng manager.
  - After being transformed via QRIS, it reduces the time to 2 hours.

- Effective Human Resources
  - Before implementing QRIS, the collection of user fees and savings for market citizens collectively requires as many as 4 people.
  - If it has been transformed through QRIS, it will reduce it to 2 people.

- Reduces the risk of counterfeit money.
- Reducing the supply made by loan sharks to traders.
- Accountable and up-to-date financial records.
- Assistance in the implementation of health protocols, both during the pandemic and post-pandemic times, because it reduces direct contact (touch).
- Providing a digital financial transaction platform as a new model option in traditional markets in facing the digital era.
- Facilities for educating the public to get to know firsthand the world of banking and digital transactions.

The presence of technology financial education provides many benefits for all parties.

4. CONCLUSIONS

This research analyzed the efforts of mutual business relationships at Pasar Sehat Genteng in collaboration with bank BJB to provide banking digital literacy assistance. Currently, all of Pasar Sehat Genteng traders already have BJB bank accounts and most traders have started trying to implement digital banking literacy (fintech) by using fintech applications such as mobile banking (BJB Digi), QRIS, and other banking facilities in implementing levy payment activities, and business savings. However, in the realization of the implementation, there were technical problems faced, such as some traders who do not have smartphones and forgetting their username and password in mobile banking, so they still require intensive assistance from bank BJB and Pasar Sehat Genteng managers in the implementation.

REFERENCES

Building Competitive Positional Advantages in the Hotel Industry in Tasikmalaya
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² Universitas Pendidikan Indonesia
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ABSTRACT
This study discusses relationship marketing which is oriented to the creation of long-term harmonious relationships with all stakeholders. This study integrated the variables of relational exchange behavior, outcomes from relationship marketing (relationship outcomes) with strategic marketing outcomes resulting from relationship marketing activities including trust, cooperation, relationship closeness, cooperation synergy, and competitive positional advantage. This research is descriptive verification with a quantitative approach. The effect of this synergy of cooperation was the most dominant influence on competitive positional advantage because of its direct effect compared to other independent variables.
Thus, the variable synergy of cooperation is the main priority in increasing competitive positional advantage, in the sense that in the synergy of cooperation between hotel business partners by paying attention to market access, efficiency related to cost savings, then related to increased turnover and profitability. The total effect of the cooperative synergy variable on the competitive position advantage variable was 0.319 or 31.9%. It can be ascertained that this cooperation synergy variable had the greatest influence and gave the highest contribution to the competitive position advantage.

Keywords: Competitive Positional Advantage, Hotel Industries.

1. INTRODUCTION
The development of business competition in Indonesia is one of the most interesting phenomena to observe, especially with globalization in the economic field which has increasingly opened up opportunities for foreign entrepreneurs to compete in attracting local consumers. The impact of globalization has caused the service industry, which consists of various industries, such as the telecommunications, transportation, banking, and hotel industries to develop rapidly.

One of them that is growing rapidly in the hospitality industry, where this industry is engaged in the service sector that combines products and services. The design of the building, the interior, and exterior of hotel rooms and restaurants, the atmosphere created in the hotel rooms, restaurants, and food and beverages sold along with all existing facilities are examples of the products sold.

Meanwhile, in general, hotel companies in Indonesia have not been integrated to achieve the grand strategy of the business and nationally there is no unified branding and no established and steady grand strategy. This condition can be seen from the consistency of the strategic direction that the central government wants to achieve.

Currently, in the Covid-19 pandemic caused by SARS-Cov-2, the hotel sector that relies on business and the tourism industry has been devastated. Data onto the Indonesian Hotel and Restaurant Association (PHRI) as reported by the Ministry of Tourism and Creative Economy (Kemenparekraf) showed that 1,266 hotels have temporarily suspended their operations.

A tactical step was forced to be done, to avoid greater losses due to the occupancy rate dropping to the lowest point. This study is based on several controversies theoretical and empirical findings from various studies of relational marketing, inter-organizational marketing collaboration. Differences in view, implementation, and results of studies on power in cooperative relationships between organizations were analyzed. Reference [1] study explained that relational exchange will not occur if one party does not have power. Reference [1] also
emphasized that power is attached to social or relational exchanges, not the actors. Meanwhile, [2] stated that "powers/powered as the relationship of/to/between people" means that the power is attached to the actors, not to the relational exchange.

However, these two studies assumed that power is the main variable in relational exchange. Furthermore, several other experts such as [3 - 7] explained that power can be seen from sources of power and the ability to manage conflict. However, several researchers have different opinions. Reference [8] and [9] explained that the use of power is the ability to coerce other parties and the ability to create dependence on other parties and the ability to stick the organization together. Relationships between organizations in the context of relationship marketing will have a negative impact because they will cause conflict.

Reference [8] also emphasized that relationship marketing will be created harmoniously if the relationship is based on trust and relational commitment. There are various studies on the outcomes of relationship marketing. Reference [8] stated that collaboration is the output of relationship marketing. Several other experts/researchers explored these relational outcomes (relationship outcomes) with various concepts and variables. However, these experts have similarities in the conceptual orientation to be achieved in relational marketing, namely the creation of long-term harmonious relationships, wherein this study these variables were grouped and called the values of a long-term relationship. Furthermore, [10] explained that cooperation is the antecedent of long-term relationship values. The long-term relationship will have more value if the parties involved try to maintain and expand it, are loyal to their partners, have the intention to collaborate continuously (future intentions) (Garbarino and Jhson, 1999 in [11]).

Furthermore, in the context of customer relationship marketing, stated that in the long term, customer loyalty is the goal of strategic marketing planning. Customer loyalty is also interpreted as loyalty to all parties related to the organization which is an indication of the values of long-term relationships.

Meanwhile, [12] examined the outcomes of relational marketing in the form of strong relationships. Relationship marketing will be meaningful and can become social capital for organizations that carry out cooperation if a close relationship (strong relationship) can be achieved between these organizations. Furthermore, the study of [13-16] stated that positive word of mouth communication is positive communication that can be built from intensive marketing relationships between organizations.

This positive communication will be a source of excellence in companies that work together to acquire new customers/new partners [13], expand networks, and become more productive at very low costs and even free of charge [17].

Trust, commitment, and networking are important variables in building sustainable competitive advantage. [18] also explained that future research needs to examine strategic variables based on behavioral variables. Hoffman reasoned that the behavior of these actors is the main key to/of achieving the success of the strategy implemented by the company.

Furthermore, [18] also explains that the limited studies that link behavioral variables in the relational exchange of strategic variables need to be explored by experts for future studies. The above thoughts are supported by a study conducted by [19] which confirmed that strong inter-firm relationships had the potential to create economic value for the company. On the other hand, [20] wrote about Sustainable Competitive Advantage (SCA) in the service industry which explains that relationship, networking, cooperation as potential resources to build competitive advantage (potential sources of competitive advantage) can affect positional advantages, then affect the Sustainable Competitive Advantage (SCA) so that it will improve the company's performance in the long term (Longterm Performance).

1.1 Previous Research

Table 1. Previous Research.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name/Year/Title</th>
<th>Findings</th>
</tr>
</thead>
</table>
| 1   | [18]            | 1. The behavior of relational exchange and cooperation had a positive impact on communication, company performance and sustainable competitive advantages.  
2. It is recommended that it is necessary to conduct studies that link behavior with strategic outcomes in marketing studies. |
| 2   | [21]            | Building strategic marketing outcomes, by building intense collaboration based on the concept of relationship marketing and coercive power. Therefore, the results of this study proved that competing in cooperation or cooperation in competition is a strategic choice to obtain cooperation synergy. Competitive positional advantage and achieve high marketing performance. This study concluded that |
market-based views and resources-based views are not theoretical views that must be contested in the relationship between organizations, because they are integrated with better outcomes.

3. [20] In the service industry which explains that relationships, networking, cooperation as potential resources to build competitive advantage (potential sources of competitive advantage) can affect competitive positional advantages, then affect sustainable competitive advantages (SCA) so that it will improve performance company in the long term (Long term Performance).

4. [10] He explained that cooperation is an antecedent of the values of a long-term relationship, and cooperation can arise from the momentary interests of both parties without having to start from trust or commitment, even though the cooperation that will be built is temporary.

5. [8] They also emphasized that the marketing relationship will be created harmoniously if the relationship is based on trust and relational commitment, so that harmonious cooperation between organizations can be achieved.

Based on an depth preliminary study, it can be concluded that the empirical model or hypothesis model in this study is shown in Figure 1.

![Figure 1. Hypothesis Model.](image)

2. METHODS

2.1 Types of Research

This study examined more deeply the research variables to be studied, namely competitive positional advantage which is influenced by trust, cooperation, close relationships, and synergy of cooperation. Thus, this research is descriptive verification with a quantitative approach [22]. The sample unit in this study was a supervisor or manager or general manager of a hotel company located in Tasikmalaya.

2.2 Operationalization of Variable

The variables in this study consisted of trust, cooperation, the closeness of the relationship, synergy of cooperation, and competitive position. The operational definitions and indicators are shown in Table 2.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Promise</td>
</tr>
<tr>
<td></td>
<td>Honest</td>
</tr>
<tr>
<td></td>
<td>Fair</td>
</tr>
<tr>
<td></td>
<td>Right</td>
</tr>
<tr>
<td></td>
<td>Terms</td>
</tr>
<tr>
<td>Cooperation</td>
<td>Market information</td>
</tr>
<tr>
<td></td>
<td>Use of assets</td>
</tr>
<tr>
<td></td>
<td>Strategy development</td>
</tr>
<tr>
<td></td>
<td>Strategy implementation</td>
</tr>
<tr>
<td></td>
<td>Potential development</td>
</tr>
<tr>
<td></td>
<td>Protecting the environment</td>
</tr>
<tr>
<td>Close relationship</td>
<td>Continuity</td>
</tr>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td></td>
<td>Penalty sanction</td>
</tr>
<tr>
<td></td>
<td>Convenience</td>
</tr>
<tr>
<td></td>
<td>Conflict</td>
</tr>
<tr>
<td>Synergy of cooperation</td>
<td>Market access</td>
</tr>
<tr>
<td></td>
<td>Cost savings</td>
</tr>
<tr>
<td></td>
<td>Turnover</td>
</tr>
<tr>
<td></td>
<td>Profitability</td>
</tr>
<tr>
<td>Competitive positional advantage</td>
<td>Competitor</td>
</tr>
<tr>
<td></td>
<td>Network</td>
</tr>
</tbody>
</table>

2.3 Population and Sample

The population in this study was all hotels in Tasikmalaya with a non-probability sampling method and the sampling technique was purposive sampling. The sample was devoted to supervisors/managers or general managers of hotel in Tasikmalaya, West Java Province, totaling 3 hotels (Open Data Tasikmalaya, [link]).
2.4 Unit of Analysis and Data Analysis techniques

To analyze the data in this study, path analysis was used from the SPSS Version 25 software package. Path Analysis is a technique for analyzing causal relationships that occur in multiple regression if the independent variables affect the dependent variable not only directly but also indirectly.

3. RESULTS AND DISCUSSION

The results showed a significant effect of trust, cooperation, the closeness of the relationship, synergy of cooperation on the competitive advantage of star hotels in Tasikmalaya. The calculation results for the hypothesis can be seen in Table 3.

Table 3. Model Summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. The Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.761a</td>
<td>.579</td>
<td>.521</td>
<td>1.229</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Cooperation, Trust, Synergy, Cooperation, Closeness, Relationships

Table 4. ANOVA.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>60,208</td>
<td>4</td>
<td>15.052</td>
<td>9.968</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>43,792</td>
<td>29</td>
<td>1,510</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>104,000</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the table the results of the data processed above show the magnitude of the R-value or correlation/relationship between trust, cooperation, the closeness of the relationship, synergy of cooperation (overall or simultaneously) to the competitive positional advantage of 0.761 and the coefficient of determination or R-square is 0.579 (57.9%) and the remaining 42.1% is influenced by other factors or other variables that are not explained or which are not examined in this study.

Table 5. Correlations.

<table>
<thead>
<tr>
<th></th>
<th>competitive positional advantage</th>
<th>trust</th>
<th>Cooperation</th>
<th>Close relationship</th>
<th>collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>competi...</td>
<td>1.00</td>
<td>.63</td>
<td>.543</td>
<td>.68</td>
<td>.720</td>
</tr>
<tr>
<td>Trust</td>
<td>.636</td>
<td>1.0</td>
<td>.512</td>
<td>.79</td>
<td>.747</td>
</tr>
<tr>
<td>Cooperation</td>
<td>.543</td>
<td>.51</td>
<td>1.000</td>
<td>.70</td>
<td>.525</td>
</tr>
<tr>
<td>close relationship</td>
<td>.686</td>
<td>.79</td>
<td>.702</td>
<td>1.00</td>
<td>.737</td>
</tr>
<tr>
<td>collaboration synergy</td>
<td>.720</td>
<td>.74</td>
<td>.525</td>
<td>.73</td>
<td>1.000</td>
</tr>
<tr>
<td>competi...</td>
<td>.</td>
<td>.00</td>
<td>.000</td>
<td>.00</td>
<td>.000</td>
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<tr>
<td>Trust</td>
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<td>.000</td>
<td>.00</td>
<td>.000</td>
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<tr>
<td>Cooperation</td>
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<tr>
<td>close relationship</td>
<td>.000</td>
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<tr>
<td>collaboration synergy</td>
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<tr>
<td>competi...</td>
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<tr>
<td>Trust</td>
<td>34</td>
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<td>Cooperation</td>
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<tr>
<td>close relationship</td>
<td>34</td>
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<td>34</td>
<td>34</td>
<td>34</td>
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<tr>
<td>collaboration synergy</td>
<td>34</td>
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<td>34</td>
</tr>
<tr>
<td>competi...</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
</tbody>
</table>

The table above is a table of correlations or relationships between variables (focused on the interpretation of relationships between independent variables). hows that the value of the relationship between the trust and cooperation variables of 0.512 is in the medium category (and vice versa), for the trust variable with a close relationship of 0.798 is in a strong category (and vice versa), for the trust variable with category (and vice versa). The correlation value or relationship value is used to obtain direct and indirect effects in the path analysis.
The picture above shows the results of the path coefficient calculation, where the X1 variable (trust) has a path coefficient of 0.066; variable X2 (cooperation) has a path coefficient of 0.121; variable X3 (closeness of the relationship) has a path coefficient of 0.222; variable X4 (cooperation synergy) has a path coefficient of 0.443. So that the path equation obtained is:

\[ Y = 0.066X_1 + 0.121X_2 + 0.222X_3 + 0.443X_4 + \varepsilon \]

The table above is also a table of correlations or relationships between variables (focused on interpretation between independent variables and the dependent variable). It shows that the value of the relationship between the trust variable and competitive positional advantage of 0.056 is in the very low category. For the variable of competitive positional advantage cooperation of 0.130, it is categorized as very low, for the variable of the closeness of the relationship with the competitive positional advantage of 0.162 is in the very low category. For the cooperation synergy variable with a competitive positional advantage of 0.391, it is included in the low category. The correlation value or the value of the relationship is used to obtain direct and indirect effects in path analysis cooperation synergy is 0.747 including the strong.

To be able to see the effect of trust on competitive positional advantage, it can be seen from the results of data processing using the SPSS version 25 application where the path coefficient (direct effect) is 0.066 with a significance level of 5% having a value of 0.765 > 0.05 positional advantage. The cooperation variable has a path coefficient/direct effect (direct effect) of 0.121 with a significance level of 5% having a value of 0.485 > 0.05. This shows that cooperation has no significant effect on competitive positional advantage. The closeness variable has a path coefficient/direct effect (direct effect) of 0.222 with a significance level of 5% having a value of 0.385 > 0.05. This shows that the closeness of the relationship does not have a significant effect on competitive positional advantage. Furthermore, the cooperation synergy variable has a path coefficient/size of influence (direct effect) of 0.443 with a significance level of 5% having a value of 0.030 < 0.05. This shows that the synergy of cooperation has a significant effect on competitive positional advantage.

Table 6. Table of Direct Effects and Indirect Effects.

<table>
<thead>
<tr>
<th>variable</th>
<th>coefficient</th>
<th>indirect influence</th>
<th>total influence</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 (Trust)</td>
<td>0.066</td>
<td>0.000</td>
<td>0.124</td>
<td></td>
</tr>
<tr>
<td>X2 (Cooperation)</td>
<td>0.121</td>
<td>0.004</td>
<td>0.125</td>
<td></td>
</tr>
<tr>
<td>X3 (Closeness)</td>
<td>0.222</td>
<td>0.049</td>
<td>0.271</td>
<td></td>
</tr>
<tr>
<td>X4 (Synergy)</td>
<td>0.443</td>
<td>0.130</td>
<td>0.573</td>
<td></td>
</tr>
</tbody>
</table>

The table 6 shows the value of direct influence and indirect influence between independent variables (trust, cooperation, closeness of relationship, and synergy of cooperation) that the overall effect is 0.578733 or 57.87% which affects the variable of competitive positional advantage and the remaining 42.1% influenced by other factors or other variables that are not explained or which are not examined in this study.

The results of testing the proposed hypothesis regarding the effect of trust, cooperation, the closeness of the relationship, and synergy of cooperation on competitive positional advantage in hotels in the Tasikmalaya area show a significant effect. In total it was obtained by 57.87% that the competitive positional advantage of hotels can be explained by trust, cooperation, close relationships, and synergy of cooperation.

Of the four independent variables that have a significant effect is the variable synergy of cooperation which includes market access, related to cost savings, turnover, and profitability, which means that in the synergy of cooperation between hotel business partners by paying attention to market access, efficiency related to cost savings, then related to an increase in turnover and profitability. One form of the synergy of cooperation is certainly with companies that can support hotels, such as promotional partnerships with Radar and Kabar Priangan newspapers, social media influencers, etc. Thus, the hypothesis proposed that there is a positive and significant effect of the synergy of cooperation on competitive positional advantage can be accepted.

The results of testing this hypothesis support the empirical conclusions of [10] explaining that cooperation is an antecedent of the values of a long-term relationship, and cooperation can arise from the momentary interests.
of both parties without having to start from trust or commitment, even though the cooperation that will be built is while.

On the other hand, the findings of this study have also proven the truth of the theoretical statement by [8] which also emphasizes that relationship marketing will be created harmoniously if the relationship is based on trust and relational commitment, so that harmonious cooperation between organizations can be achieved. The thoughts above are supported by a study conducted by [19] which confirms that strong interfirm relationships have the potential to create economic value for firms. On the other hand, [20] writes about Sustainable Competitive Advantage (SCA) in the service industry explains that relationship, networking, cooperation as potential resources to build competitive advantage (potential sources of competitive advantage) can affect competitive positional advantages, which in turn affects sustainable competitive advantages (SCA) so that it will improve the company’s performance in the long term (long term performance).

4. CONCLUSIONS

The effect of this synergy of cooperation is the most dominant influence on competitive positional advantage because of its direct effect compared to other independent variables. Thus, the cooperation synergy variable is a top priority in increasing competitive positional advantage, in the sense of that the synergy of cooperation between hotel business partners to pay attention to market access, efficiency related to cost savings, then related to increased turnover and profitability.

4.1 Implications

The total influence of the confidence variable on the competitive positional advantage variable was 0.042 or 4.2%. It can be confirmed that this trust variable belongs to the category of having an influence, even though it had an influence and still contributed to competitive positional advantage. The direct effect of the trust variable on the variable competitive positional advantage of 0.0043 or 0.4% was the smallest effect compared to the direct effect of other independent variables. Even though the trust variable still contributed positively to competitive positional advantage. It is in accordance with research findings that proved the truth of [8] theoretical statements which also emphasize that marketing relationships will be created harmoniously if relationships are based on trust and relational commitment so that harmonious cooperation between organizations can be achieved. This shows that the trust variable is a factor that must be considered so that competitive positional advantage can be created and maintained. The total effect of the cooperative synergy variable on the competitive positional advantage variable was 0.319 or 31.9%. It can be confirmed that this cooperation synergy variable was the category with the greatest influence and provided the highest contribution to competitive positional advantage. The direct effect of the cooperation synergy variable on the competitive positional advantage variable of 0.196 or 19.6% was the most dominant influence compared to the direct effect of other independent variables. This shows that the variable synergy of cooperation is a top priority that must be considered so that competitive positional advantages can be created.

The synergy of cooperation by establishing relationships with interested parties in the business is needed to achieve a better competitive positional advantage. The concrete form of cooperation carried out is establishing contracts with stakeholders and establishing contracts. In addition, other forms of cooperation with parties to maintain a conducive environment in the era of the covid-19 pandemic are maintaining cleanliness, coordinating with related parties for event implementation (covid the task force, police station, EO, etc.); the immigration office for data collection of foreign guests, the Environment Agency for processing liquid waste and B3; coordination with residents around the hotel, discipline and "I'm always responsive to the expressed and unexpressed wishes and needs of our guests." Aside from that, one of the forms of collaboration carried out is certainly with companies that can support hotels, such as promotional collaborations with Radar and Kabar Priangan newspapers, social media influencers, etc. This proves that hotel companies, especially in Tasikmalaya, are oriented to build a strong partnership and gain competitive positional advantages and long-term and sustainable benefits.

REFERENCES


The Impact of Technology Application on Service Marketing—Taking TikTok as an Example

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ABSTRACT
This paper aims to study the impact of the application of IT technology on service marketing by taking TikTok as an example. It mainly studies the technologies used by TikTok in platform operations and how these technologies affect marketing services. This article mainly adopted qualitative research methods, taking TikTok as the research object, and used qualitative research to explain the technical application and influence of TikTok in the service marketing process. In addition to the qualitative research method, this article also used the literature research method, case research, and participatory observation method. Through research, the application of IT technology enables users to have a good experience, enhances the user's sense of participation, and thus improves word of mouth. The application of IT technology has dramatically promoted service marketing.

Keywords: Service Marketing, IT Technology, TikTok.

1. INTRODUCTION

With the advent of mobile interactive technology, network technologies continue to update and progress. Users’ consumption of mobile video content continues to ferment, with mobile short video taking the lead [1]. Short videos have a loyal audience. At the same time, the coverage rate of the whole network has also been rising. After entering the mobile Internet era, fragmentation is one of the most basic connotations. The rapid pace of life and the increasing pressure makes people no longer use it. The whole time is to reading, watching TV, and thinking deeply. In the era of information explosion, only relying on text and pictures for dissemination lacks information-carrying capacity. Therefore, it is short of combining text, images, sound, and video [2]. Video has become the preferred method, and many users love short videos due to their "short, flat, and fast" characteristics.

In the rapid development of the short video industry, TikTok is a dark horse, breaking out of the siege and taking the lead. TikTok was launched in September 2016, and Douyin’s overseas version TikTok was launched in May 2017. In November 2017, Toutiao acquired Musical.ly, merged with TikTok, and developed. TikTok is the top ranking in the app store. Ranked second, with the camera and video category ranked first, TikTok has experienced an enormous leap from continuous product polishing to user accumulation and, finally, qualitative change [3]. TikTok has entered more than 150 countries and regions and is ranked in the top ten in more than 40 countries’ app stores, including the app store of the IOS system and the mobile phone stores under the Android system. TikTok is also the fastest growing in the world of fast mobile phone short video applications. According to the data report from the mobile data company Sensor Tower, in October 2018, TikTok's total global downloads have surpassed that of apps from well-known international companies such as Facebook, Instagram, Snapchat, and YouTube [4].

Service marketing is a series of activities taken by enterprises in the marketing process to fully meet the needs of consumers under the premise of fully understanding and satisfying consumer needs [5]. As a marketing mix element, service attracted people’s attention in the late 1980s. Due to the advancement of science and technology and the significant increase in social productivity, industrial upgrading and specialization in production were accelerating. On the one hand, the service content of the product, that is, the service intensity of the product, is increasing. On the other hand, the market turns to the buyer’s market with improved labor productivity [6]. As the income level of
consumers increases, their consumption needs and the level of demand gradually change as it has been enhanced and expanded to diversification [7].

Service marketing refers to the service process in which an enterprise adopts a series of integrated marketing strategies to achieve service transactions, and then to meet customers’ needs for the service utility brought by service products, and complete the predetermined goals of the enterprise [5]. The core concept of service marketing is customer satisfaction and customer loyalty. By obtaining customer satisfaction and loyalty, we can promote mutually beneficial exchanges and finally realize the improvement of marketing performance and the long-term growth of the enterprise [7].

The rapid development of TikTok is inseparable from the high-quality services provided to users by the platform. IT technology has played an essential role in the service impact communication between TikTok and its hundred millions of users.

Some questions should be figured out:
1. What technologies does TikTok use in platform operations?
2. How do these technologies affect service marketing?

2. METHODS

This article mainly adopts the method of qualitative research, taking TikTok as the research object, and uses qualitative research when explaining the technical application and influence of TikTok in the service marketing process. Qualitative research is a method of studying human status, objects, conditions, ideological systems, or a series of events, aiming to systematically, truthfully, and accurately describe the facts discovered, as well as the relationship between the phenomena being studied [8]. In addition to the qualitative research method, this article also uses the literature research method, case research, and participatory observation method. The literature research method was conducted by searching the literature and materials related to short videos and short video platforms through the library and the Internet, including newspapers, periodicals, indexes, works, online literature, etc., to extensively study the existing research results [8]. Next, clarify the definition and characteristics of the short video platform and the development of TikTok. The case study method was carried out by listing some examples of the combination of service marketing and technology application that TikTok has done, which powerfully illustrate the vital role that technology application plays in TikTok service marketing. The participatory observation method was one by participating in the experience and observing the content, user behavior, and operation mode of users in TikTok and analyzing the application of technology by TikTok in the service.

3. RESULTS AND DISCUSSION

3.1. TikTok Product Description

TikTok, known in China as Douyin, is a video-sharing social networking service owned by the Chinese company ByteDance. The app was launched in September 2016. Users can post their own works by shooting a short 15-second video, forming a kind of self-expression while providing massive UGC (User Original Content) for the TikTok platform for the sustainable development of platform content [3]. In TikTok, users can show their interesting life and meet more like-minded friends and learn about all kinds of anecdotes. TikTok is essentially a short music video social circle focused on the younger generation. Users can select songs, soundtracks, supplemented by short videos, and make their own short videos [2]. TikTok users can use the speed of video shooting, post-video editing, special effects, filters, and other technologies to make the video more enjoyable, not just a simple mouth-to-mouth style. At present, most of the TikTok platforms are young Internet users. The core value of the Internet content platform lies in the exchange of information. The creators of information and consumers are equally important [9]. TikTok has become the largest content community platform through its efforts in product development, algorithm design, and platform operations. The platform where a wide range of users participate in content creation and content consumption has truly recorded the reality and beauty of the world's diversity, allowing many people, many locations, and many events to be recorded and disseminated in the form of images at the first time.

The objects of TikTok's services can be divided into three categories: content producers, content consumers, and users who place advertisements [9].

1. Content producers are those users who make short videos on TikTok;
2. Content consumers are the main user group of TikTok. They use TikTok to find and watch exciting videos, enrich their fragmented time, and have social topics to chat with friends. Such users can bring most of the DAU (Daily Active User) to the platform;
3. Users who place advertisements refer to some merchants and brands on TikTok. Advertising revenue is an essential source of income for TikTok.

3.2. Internet Thinking: Word of Mouth is King

Word of Mouth (WOM) is a crucial success factor for an internet company. According to Li Wanqing, the core
of Internet thinking is that word of mouth is king, and the essence of word of mouth is user’s thinking, which is to let users have a sense of participation. In the past, when choosing products, people would make decisions through word-of-mouth recommendations from friends or experts, but it was not mainstream. Now that word of mouth is king, people are facing three essential changes in information dissemination [9].

1. The transformation of information from asymmetry to symmetry,
2. The rapid increase in information dissemination affects the space, and the scope of influence is unprecedentedly expanded.
3. Internet information is distributed in a decentralized manner. Every person is an information mode through social media and may become an opinion leader [3].

This change makes it necessary for Internet products to provide customers with a good user experience, increase user participation, and improve product reputation. Good services have also become particularly important. As a short video platform, technology has played an important role to enable hundreds of millions of users to get the services and experience they want [10].

3.3 The Impact of Technology Application on Marketing Services

3.3.1. Content producers: Improve users' sense of participation-everyone is a short video producer

Major network platforms currently have two content production modes, PGC and UGC. PGC refers to professionally produced content produced by specialized designers and producers of Internet products. UGC refers to user-generated content, a new mode of user use of the Internet-based on web2.0 [11].

TikTok uses UGC's video production model. "TikTok records a better life" is TikTok's slogan. From the slogan, TikTok pays more attention to users' needs. Compared with other platforms, TikTok uses short video recording provide audiences with a platform to show themselves [12] so that ordinary users can record their lives anytime and anywhere through the platform and share the beautiful moments in life.

Perceived ease of use and usefulness positively motivate the content production behavior of "post-90s" users. In the past, the threshold for video production was very high. It usually required professional equipment and professional video production software, which often needed huge learning costs. The emergence of short video platforms such as TikTok has lowered the threshold for users to shoot videos. TikTok uses face recognition and AI technology and adds various functions and filters. Its easiness to operate has introduced a content production supporting tool - CapCut [11]. CapCut is mighty, making high-quality content easier. The output is more excellent, exciting, and beautiful. TikTok is a typical case of lowering the threshold of content production through operation and products. Through the operation, staff dig out interesting and cool content topics and create templates and let the top celebrities create first to attract more ordinary users to join in the creation. TikTok provides background music, filters, and even action templates. Users don't need to conceive the content. They only need to follow the template to create sophisticated and highly completed video content, reducing the creative threshold for producing interesting content [4]. The willingness of large users to make content and the enthusiasm for creation have enhanced users' sense of participation.

For example, TikTok previously introduced a filter for real-time hair dyeing, allowing users to choose their favorite hair color to record videos. Once this feature is launched, it has been loved by users. In addition, TikTok short videos are also very distinctive in terms of video editing. After shooting the video, users can choose slower or faster special effects to present these videos and add other interesting special effects.

The success of the short video platform lies in the decentralized intelligent recommendation algorithm. The intelligent recommendation is based on collecting big data for user portraits, analyzing the types of content that users like, and recommending the content that users care about most to users. The specific process involved in algorithm recommendation includes [13]:

1) Understand the content: abstract the content and extract keywords;
2) Understand users: characterize user behavior-click/like/comment/share/follow/dislike, explore user intent;
3) Match content for users: Fit a function of the degree of match between the content and the user, set a goal, and match the content with the user.

TikTok’s core positioning for 15-second short music videos relies on interest tags as a driver and recommendation algorithm to distribute traffic. It helps users find the content they need quickly and completes the association between content creators and consumers. This technological advantage brings strong user loyalty [1]. According to Quest Mobile data, the DMU/MAU of TikTok has reached 0.45 (The DMU/MAU of the game industry with a high degree of immersion are between 0.3-0.6), and the per capita usage time reaches more than 90 minutes [11]. TikTok has reached the index of immersive Internet products. It means that through intelligent recommendation algorithm technology, users can see their favorite content without doing almost anything, thereby increasing the duration of use of the
TikTok app and enabling users to have a satisfactory and personalized experience.

3.3.2. Advertisers: Creative marketing and accurate advertising of advertising through technology

- Technology empowerment, creative marketing

With the improvement of technology, creativity has become infinite. While TikTok uses various technologies to enhance user experience and drive users to create, it also provides brand partners with more creative marketing imagination [1]. For example, when the new color scheme of the VIVO X21 mobile phone, Night Purple, was launched, VIVO hoped to create a fun and cool purple party through cooperation with TikTok, which will surprise users and amaze users. TikTok specially designed a new unique filter through face recognition and AI technology to achieve accurate makeup, making this special effect loved by most users and letting users feel the VIVO Night Purple’s unique charm. The dissemination effect is also very remarkable. The event challenge video has 720 million exposures, 146,000 participants, 28.71 million interactions, and 3.2 million content interactions. It is a marketing experience that satisfies brand owners [3].

- Accurate placement of ads

Since TikTok platform was launched in 2016, short video advertising has become a vital profit model. Relying on the intelligent Internet, through the core drive of big data technology and intelligent algorithm technology, it implements intellectual and precise advertising methods for many potential and actual users [11]. For advertisers who are paying more and more attention to accurate delivery, this is undoubtedly to promote the value of accurate advertising to be maximized based on digging in the interests of users [13]. Multi-sensory intelligent advertisements will also be used on the TikTok platform through various forms of precise placement strategies and become a form of advertising that has attracted more attention and is more popular with users.

4. CONCLUSIONS

With the rapid development of Internet technology, the Internet industry is also developing rapidly. Unlike traditional industries, the Internet industry, with the help of IT technologies such as computing, big data, and AI, can serve more users and provide faster, more accurate, and more personalized services to customers. Through the case of TikTok, the role of technology in service marketing can be seen more clearly and concretely. For content creators, the platform can use technology to reduce the difficulty of making videos and increase users' enthusiasm for creating videos, thereby increasing the sense of participation of customers. For content consumers, the platform can use technology to achieve personalized recommendations and improve user experience. For advertisers, creative marketing and precise advertising are carried out through technology to maximize advertising effects and satisfy customers. TikTok has successfully enhanced its reputation through the use of technology. In this Internet world where word of mouth is king, technology is undoubtedly one of the indispensable weapons of service marketing.

AUTHORS’ CONTRIBUTIONS

We would like to express our deepest gratitude to the Faculty of Business and Economics Education Universitas Pendidikan Indonesia, lecturer Prof. Dr. Hj. Ratih Hurriyati, M.P., and Dr. Heny Hendrayati, S.IP., M.M., for facilitating and helping in conducting the research from the beginning till its completion.

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Electronic Word of Mouth Analysis of Brand Attachment on MSME Products

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ABSTRACT

This study aims to determine the effect of electronic word of mouth (eWOM) on brand attachment on MSME products. The technique used in this research was non-probability sampling with the purposive sampling method. The data collection technique in this research was a questionnaire distributed to 197 respondents via a google form. The data analysis used was f-test analysis, t-test, and simple linear regression analysis. Based on the results of the t-test, it was found that the t-count on the electronic word of mouth variable was 5.491 with a significance level of 0.000 and t-table = 1.972 with the probability of t being sig <0.05 for the brand attachment variable. Meanwhile, based on the f-test results, the calculated F value was 30.152 with a significance level of 0.000 and F table = 3.89. The probability of 30.152 is greater than 0.05 and the calculated F value > F table showing that electronic word of mouth had a positive and significant effect on the brand attachment variable. The results of the study indicate that the presence of eWOM in a product can affect the brand attachment of an MSME product. The form of eWOM on social media can be seen when producers/sellers post on social media about product-related information, followers will respond (mention, comment, repost). At that time, the brand awareness of the product will increase.

Keywords: Electronic Word of Mouth (eWOM), Brand Attachment, Social Media.

1. INTRODUCTION

Social media is a means for Micro, Small, and Medium Enterprises (MSMEs) to market their products. SMEs have been affected by the COVID-19 pandemic because there is a physical distancing regulation to prevent the spread of the virus, making a decline in people's purchasing power for MSME products. To encourage product sales to remain high in this pandemic period, MSME actors should sell their products through digital platforms that are very attached to the era of globalization. However, the fact is, there are still many MSMEs that have not moved from conventional sales to digital methods, as it was conveyed directly by the Minister of Cooperatives and SMEs Teten Masduki. He said that currently, only about 13% or 8 million MSMEs have entered the digital ecosystem. Under the same conditions, the increase in digital sales in e-commerce increased by 26% or reached 3.1 million transactions [1]. Through social media, MSMEs can form and build product brands that will be sold, which can be assessed and attached to consumers so that they can establish communication and be profitable for MSME actors themselves. The combination of existing factors with technological factors produces an interactive marketing media so that media can create interactions between producers, consumers, and markets. The emotional attachment between product brands and consumers is called brand attachment. According to [2], brand attachment is a deep and strong emotional bond that connects one person to another across space and time. This theory explains that brand attachment does not have to be reciprocal. Meanwhile, [3] define brand attachment as the strength of the bond that connects the brand with a person. Therefore, based on the explanation above, this brand attachment can help SMEs to promote their products.

Improving brand attachments is important so that consumers can feel the emotions of MSME products with themselves and can make their products stick with themselves. This will be beneficial for existing MSME actors if they engage with their consumers. One way for MSME actors to form brand attachments is through word of mouth (WOM) or talk about products that are already
tied to consumers and other consumers and with technological advances, consumers can share their WOM on social media to make it affordable for social media users. The conversation is called electronic Word of Mouth (eWOM). Through eWOM, consumers on social media will invite their followers to feel the MSME products that have been told on social media, and indirectly new potential consumers will try and feel the attachment to their products and then will provide eWOM as well. According to [4], every consumer who has consumed a product will give his/her assessment of the product, and it cannot be denied because it comes from oneself. Then, if the consumer is satisfied or dissatisfied with the consumption of the product, the consumer will give a review of the product to others. The existence of eWOM on social media will help form and increase brand attachments to products owned by MSME actors. In research conducted by [5] and research by [6], the results showed that there was an influence between the variables of brand awareness, brand image, brand satisfaction, brand trust, and brand attachment so that eWOM positively can increase brand satisfaction, brand trust, and brand attachment. In addition, research conducted by [7] and research by [8] which focused on eWOM found that consumers wanted social interaction, desire to get economic incentives, attention to consumers others, and the potential to increase their self-worth which is the main factor leading to eWOM behavior.

In this study, the problem faced is that there are still many MSME actors who have not switched digitally so the forming of brand attachments with consumers through eWOM on social media is still minimum. In addition, research on the relationship between eWOM and the formation of brand attachments is still rarely found. In this study, the elaboration of the research that has been done by [6] and [5] with [8] and [7] was conducted with some adjustments to suit the research object and field conditions of this research. Therefore, the purpose of this study is to find out how the influence of eWOM on social media on the Brand Attachment of MSME products that have gone online. Based on the above background, it is interesting to conduct a study with the title "e-WOM Analysis of Brand Attachment on MSME Products."  

1.1. Brand Attachment

The concept of brand attachment developed from psychology known as attachment theory, which was coined by [2]. The level of emotional attachment to an object can predict the nature of an individual's interaction with the object [2]. For example, individuals who are attached to someone are very likely to be committed and willing to sacrifice for that person [9]. According to [9] described the consumer-brand relationship as the individual-object relationship in attachment theory. They argued that consumers' emotional attachment to a brand can predict the consumer's commitment to the brand (e.g., brand loyalty) and their willingness to make financial sacrifices to get the brand.

Two important factors that represent brand attachment conceptually are brand-self connection and brand prominence. The brand-self connection is a cognitive and emotional relationship between the brand and self. This connection is important to facilitate the fulfillment of utilitarian, experiential, and or symbolic needs. Meanwhile, brand prominence is the extent to which positive feelings and memories about the object of attachment are perceived as the top of mind [3]. Positive memories about the object of attachment (brand) will be more prominent for people who are very attached to the object of attachment than consumers who show weak attachment.

1.2. Electronic Word of Mouth (eWOM)

According to [8], positive or negative statements made by potential and actual consumers who have used the products or services of a company and can be accessed by many people and institutions via the internet are also called with electronic word of mouth (eWOM). According to [10] mentioned that eWOM offers various ways to exchange information, which can be done confidentially or anonymously, and provides geographical and temporal freedom. eWOM also has a uniqueness that WOM does not have, one of which is that it is permanent [11].

1.3. Dimension of eWOM

In their research, [8] reflect on eWOM through 8 dimensions, namely:

1. Platform assistance
2. Venting negative feelings
3. Concern for other consumers
4. Extraversion / positive self-enhancement
5. Social benefits
6. Economic incentives
7. Helping the company
8. Advice seeking

In this study, only 5 dimensions were used, namely assistance, concern for others, expressing positive feelings, economic incentives, and helping the company.

1.4. The relationship between eWOM variable and Brand Attachment

A positive perception of a product or service will stimulate positive memories so that it creates an emotional attachment to the product or service.
According to [11] mentioned when there is an exchange of information through eWOM, consumers will evaluate the product. In addition, positive eWOM can also persuade potential customers and influence consumer perceptions of a product review or product recommendation by other customers. Consumers’ emotional attachment to a brand can be used to predict consumer commitment to the brand and consumer’s willingness to make financial sacrifices to get the brand.

Based on the explanation above, the hypotheses in this study are:

H1: EWOM has a positive effect on Brand Attachment.

Hypothesis show by Figure 1 as a follow:

Figure 1. hypothesis

2. METHODS

This study was conducted to ensure the reliability and validity of the previously determined measures. Both analyzes were used to test whether the data obtained were valid and reliable so that they could be used for further research. Hypothesis testing was carried out using SPSS 25 assisted regression analysis. The collected data were analyzed using a 5-point Likert system rating scale from strongly disagree to strongly agree to get interval data and be given a score. This study involved 197 respondents.

The primary data used for the research were collected by using questionnaires. Secondary data were collected from online newspapers, literature, journals, books accessed via the internet, and others. The sample selected as respondents were students in Bandung who know MSMEs, with the sample collection technique in this study was non-probability sampling with purposive sampling method, namely the sampling technique provided that it meets certain criteria. According to [12] stated that the determination of a sample size greater than 30 and less than 500 is an appropriate and reasonable amount for research in general.

3. RESULTS AND DISCUSSION

A. Description of Respondents Characteristics

The number of surveys analyzed further in this study was 197 respondents. According to the results of the questionnaire, most of the respondents were 64.4% female and 35.7%, male. Based on age, the majority of respondents aged 18 to 22 years were 87.7% and those who were at least under 18 years were 1.5%. The majority of social media used is Instagram with a percentage of 70.1%, Youtube with a percentage of 8.8%, Facebook and Twitter with a percentage of 5.7%, and followed by Whatsapp and TikTok. The majority of respondents saw and talked about MSME products in several sectors including culinary, fashion and clothing, beauty, crafts, and services.

B. Validity Test

The result of validity test show by Table 1 as a follow:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Statistic Test</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>EWOM (X)</td>
<td>Q1</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q5</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Attachment (Y)</td>
<td>Q6</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q7</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q8</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q9</td>
<td>Valid</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Q10</td>
<td>Valid</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on the results from Table 1, it can be explained that the indicators for the eWOM variable namely the assistance platform, concentration for others, expressing positive feelings, economic incentives and helping the company, and the variable brand attachment have a significant value of 0.000 < 0.05 are declared valid.

C. Reliability Test

The Resut of reliability test result show by Table 2 as a follow:

<table>
<thead>
<tr>
<th>Reliability statistics</th>
<th>Cronbach’s Alpha</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.737</td>
<td>10</td>
</tr>
</tbody>
</table>

The reliability test in this study was measured using Cronbach’s Alpha. Table 2 shows that all of the research instruments have a Cronbach’s Alpha coefficient of 0.737 > 0.06 which means reliable.

D. Nomality Test

The result of normality test show by Figure 2 as a follow:

Figure 2. Graph of Normality Test Results
Based on Figure 2, the data being tested is normally distributed and meets the assumption of normality, because the data is spread out in a diagonal line and spreads around the link.

E. Heterocedasticity Test

The result of heterocedasticity test show by Figure 3 as a follow:

![Figure 3. Heteroscedasticity Test Results](image)

Based on Figure 3 above, it means that there is no heteroscedasticity in the data being tested because the data has been scattered, and there is no clear pattern and dots in the spread image above, and they are below the number 0 on the Y-axis.

F. Simple linear regression test result

The summary model of the simple linear regression test show by Table 3 as a follow:

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>I</td>
</tr>
<tr>
<td>a. Predictors: (Constant), x</td>
</tr>
</tbody>
</table>

From Table 3, the summary model of the simple linear regression test above explains the magnitude of the correlation/relationship (R2) value, which is 0.366. From the output, the coefficient of determination (R Square) is 0.134, which implies that the influence of the independent variable electronic word of mouth on the dependent variable of brand attachment is 13.4%.

G. t- Test

The result of t-test show by Figure 4 as a follow:

<table>
<thead>
<tr>
<th>t-Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>B</td>
</tr>
</tbody>
</table>

Based on the t significance number in the table above, it can be seen that the t count is 5.491 with a significance level of 0.000 and t table = 1.972. The probability of 5.491 is greater than 0.05 and the value of t count > t table. Thus, it can be concluded that the eWOM variable (X) has a direct significant effect on brand attachment (Y).

H. F- Test

The F-test result show by Table 5 as a follow:

<table>
<thead>
<tr>
<th>Table 5. F- Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANOVA\a</td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>a. Dependent Variable: y</td>
</tr>
<tr>
<td>b. Predictors: (Constant), x</td>
</tr>
</tbody>
</table>

Based on the significance number f in the table above, it can be seen that the f count is 30.152 with a significance level of 0.000 and f table = 3.89. The probability of 30.152 is greater than 0.05 and the calculated f value > f table, so it can be concluded that the eWOM variable simultaneously affects the brand attachment variable (Y) on MSME products.

I. Effect of e WOM on Brand Attachment

The t-test table shows that the t-count value of (5.491) is greater than the t-table of (1.97220) which means that H1 and H0 are rejected. It can be concluded that electronic word of mouth (eWOM) has a positive effect on brand attachment.

The results of the study indicate that the presence of eWOM in a product can affect the brand attachment of an MSME product. The form of eWOM on social media can be seen when producers/sellers post on social media about product-related information, followers will respond (mention, comment, repost). At that time, the brand awareness of the product will increase. This also happens to the brand image of the product; it will look good or bad depending on the opinions of product followers on Instagram social media. Brand knowledge consisting of brand awareness and brand image is the main area of eWOM communication that occurs in products. When product followers respond to producer/seller posts and this process continues to be carried out between fellow followers, many-to-many communication will be formed. After the establishment of brand awareness and brand image, it will then form brand satisfaction and brand trust. When followers...
receive the required information about the product and the producer/seller provides solutions and services with a fast and satisfying response to consumers, a consumer brand satisfaction is formed for the product. When producers/sellers can provide information about their products honestly and sincerely, producers/sellers can provide recommendations to consumers/customers about products that are suitable and according to their needs, which will form consumer brand trust for the product. When brand satisfaction and brand trust have been formed on the product in Instagram social media, then brand relationships lead to the formation of brand attachments. Brand attachment is formed because the producer/seller through the account on Instagram can create interaction between followers and products. Giving rewards to followers through quizzes or challenges in Instagram can also form consumer brand attachments to products.

The results of this study are also consistent with the previous research that social-media brand pages with trendiness information were effective in attracting consumers’ attention and were deemed to be important in strengthening consumers’ ability in recognizing the brand [13]. According to [8] also stated that “consumers may be exposed to electronic WOM through websites, blogs, chatrooms or email”. In addition, [8] also defined eWOM as “any positive or negative statement made by potential, actual, or former customers about a product or company which is made available to a multitude of the people and institutes via the Internet”. Thus, it can be said that eWOM is something that is integrated. Electronic Word of Mouth (eWOM) will have a maximum effect if it is used in an integrated manner with other social media, such as Twitter, Facebook, blogs, broadcast email, chat BBM/WhatsApp. According to [10], eWOM is an important aspect of an expression of consumer satisfaction with a brand and may have a critical impact on brand image and brand awareness. eWOM is showing signs that it will become more important in the future as a wider social networking application. It is also explained that much of the focus of eWOM research has been on blogs, customer review sites, social media, and web pages. Recent empirical research has also found that the usage of firm-initiated SMM activities with the management of user-generated content is an effective strategy in building brand knowledge as well as purchase intentions [14].

4. CONCLUSIONS

This study aims to analyze the effect of social media eWOM which acts as an independent variable on brand attachment as the dependent variable. It was found that the Electronic Word of Mouth (eWOM) variable in social media had a positive and significant influence on brand attachment. This shows that the more eWOM on Instagram that is received, the greater the influence on brand attachment.

ACKNOWLEDGMENTS

In preparing this journal, the writer would like to thank Prof. Dr. Hj. Ratih Hurruyati, M.P., and Dr. Heny Hendrayati, S.IP., MM. as a Lecturer of SPs UPI who have guided the author in carrying out this research, to all respondents who have given a lot of input and support so that researchers can complete this mini research.

REFERENCES


The Role of Information Communication and Technology in Supporting E-Marketing Strategy to Improve Marketing Performance Culinari SMEs

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ABSTRACT
The purpose of this study is to determine and analyze the effect of information technology and communication on marketing performance through e-marketing strategies. The focus of this research is on the culinary SMEs sector after the COVID-19 pandemic. The research method used a quantitative approach by obtaining data through surveys by distributing questionnaires to 183 respondents of culinary SMEs business actors. In this study, the validity and reliability tests were conducted as well. Technical analysis of data employed Structural Equation Modeling - Partial Least Square (PLS-SEM) using Warp PLS 3.0 P software. Based on the Path Coefficient Value, the influence of information technology and communication on e-marketing strategy had a value > t table that was 5.117. The effect of information technology and communication on marketing performance had a value > t table that was 23.402. The effect of e-marketing strategy on marketing performance had a value > t table that was 4,067. With t table at a significant level of 5%, it can be concluded that H1 was accepted, in which information communication and technology had a positive and significant effect on the e-marketing strategy. H2 was accepted which means that information communication and technology had a positive and significant effect on marketing performance. H3 was accepted which means the e-marketing strategy had a positive and significant effect on marketing performance.

Keywords: Culinary SMEs, Information Communication and Technology, E-Marketing Strategy, Marketing Performance.

1. INTRODUCTION
The post-covid-19 pandemic has caused extreme changes in consumer behavior patterns. At this time the information, communication and technology industries are driving the digital economy faster. A major contribution to this progress is the internet, the results of a survey on the number of internet users according to the survey results of the Indonesian Internet Service Providers Association (APJII) for the 2019-quarter II/2020 period noted that the number of internet users in Indonesia reached 196.7 million. This number increased by 23.5 million or 8.9% compared to 2018. The largest number of internet users comes from the province of West Java, which is 35.1 million people [1]. Online productivity is increasing with the internet, including the increase in online shopping and food delivery orders, both through e-commerce platforms and food delivery service applications. During the Covid-19 pandemic, the number of online shop transactions increased by 400 percent and is predicted to continue in the new normal. The marketplace platform will face competition from large retailers to minimarkets who also open online services to delivery [2].

Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (KEMENKOPUKM) in March 2021, the number of SMEs reached 64.2 million with a contribution to Gross Domestic Product of 61.07 percent or Rp. 8,573.89 trillion [3]. SMEs in Indonesia are required to go digital since digital transformation opens up opportunities for MSMEs to grow more rapidly, and even become part of global supply chains. These businesses have utilized the use of Information and Communication Technology (ICT) in their daily activities, and businesses that can innovate and adapt
quickly in the face of the Covid-19 pandemic situation by shifting their business activities from offline to online [4]. Based on [5] research adapted from [6] measuring e-commerce adoption in SMEs is information on the level of available products and services, transactions that allow for helping online transactions, level of interaction and customization that activates online interaction between customers and companies, and tailor products to users, enterprise connections with suppliers enable electronic relationships to integrate suppliers in procurement, fulfillment, logistics and data sharing.

E-Marketing is part of a customer-oriented e-business. During the Covid-19 pandemic, SME actors used e-marketing a lot through social media. According [7] state that e-marketing is a company's effort to inform, communicate and promote and market its products and services through the internet. Efforts to sustain SMEs by using electronic marketing (e-marketing) in accordance with procedures have had a positive impact amid the Covid-19 pandemic [8].

In the research conducted by [9], marketing performance is a construct that can be used to measure the impact of corporate strategy because marketing performance is a measure of the company's achievement of marketed products [10]; [11]; [12]; Wrenn, 1997). According to Narver and Slater (1990), marketing performance measurement can be done based on the success of new products, sales growth, and annual profit or net income.

The large potential of the digital market in Indonesia is still not fully utilized by national micro, small and medium enterprises. Based on data from Bank Indonesia (BI), out of the 64.2 million SMEs in Indonesia, only 13 percent of them have entered the digital market. Most SMEs actors also experience barriers to entering the digital market due to a lack of knowledge to run an online business, technological unpreparedness, and limited infrastructure [13]. This research is expected to contribute in many ways. First, this study identified various characteristics of business actors based on gender, age, education, and length of business. These two studies are intended to analyze the effect of information technology and communication on marketing performance through e-marketing strategies. Finally, this study aims to demonstrate strategies for improving marketing performance through marketing strategies

2. METHODS

This study used quantitative methods to test and prove the hypotheses that have been made through various tests and data processing. This is stated by [14], quantitative research methods are related to methods for collecting data, sample design, and construction of data collection instruments. The research hypothesis was tested using a Structural Equation Model (SEM) approach based on Partial Least Square (PLS). PLS is a component or variant-based structural equation model (SEM). Structural Equation Model (SEM) is a field of statistical study that can test a series of relationships that are relatively difficult to measure simultaneously. According to [15] stated that PLS is an alternative approach that shifts from a covariance-based SEM approach to a variance-based approach. Covariance-based SEM generally tests causality or theory, while PLS is more of a predictive model. However, the difference between covariance-based SEM and component-based PLS is in the use of structural equation models to test theories or develop theories for prediction purposes. The sample used was 183 respondents. According to [16] stated that to get a measurement that is considered good, the number of participants is 100–200. The variables in this study are information communication and technology (X1), e-marketing strategy (Y), and marketing performance (Z). The research model is portrayed show by Figure 1 as follows:

![Research Framework](image)

**Figure 1. Research Framework**

H1 ICT has a positive and significant effect on e-marketing

H2 ICT has a positive and significant effect on marketing performance

H3E-marketing strategy has positive and significant on marketing performance

3. RESULTS AND DISCUSSION

3.1. Characteristics of The Respondents by Gender

The respondents of this study were SMEs from the culinary cluster in the Bandung area. The number of 183 SMEs. Characteristics of the respondents by gender show by Figure 2 as a follow:
Based on Figure 2, it can be seen that from a total of 183 respondents, the number of female respondents was 97 people or 53% and the rest 47% or 86 respondents were male. Thus, it can be concluded that more women do business in the culinary field. This is in line with the research of [17] that women made up the majority of respondents who were business owners compared to men. As well as data from Bank Indonesia in 2018 that the number of female SMEs actors in Indonesia reached 37 million or more than 60 percent. Women tend to have very flexible hours and have good job opportunities compared to men, so they are significantly more likely to choose and own micro-enterprises.

3.2 Characteristics of The Respondents by Age (Generation)

Characteristics of the respondents by age show by Figure 3 as a follow:

Based on figure 3, it can be seen that from a total of 183 respondents, the highest number of respondents were aged 24-39 years with a total of 86 or 47% and the lowest is respondents aged >51 years with a total of 4 people or 2.2%. It can be concluded that respondents of culinary SMEs entrepreneurs aged 24-39 years, which is according to BPS belong to the millennial generation that is dependent on technology, open to change, ambitious with limited interpersonal skills, and prone to stress and depression. This is in line with previous research that almost 80% of the creative industry in Bengkulu city is developed by the millennial generation.

3.3 Characteristics of The Respondents by Operating Time

Characteristics of the respondents by operating time show by Figure 4 as a follow:

Figure 4 shows that the respondents in this study with the longest time of business > 2 years with a total of 97 or 53% and the least was < 2 years with a total of 86 or 47%. It can be concluded that the duration of the culinary SMEs business is more than 2 years and already have a fairly good competitive strategy and experience in adapting to the trade, technology, and economic climate when threatened by the COVID-19 pandemic. The results of this test are in line with the theory about the longer a person is in his work, the more experienced, mature, and more proficient he will be in the work he is responsible for. The theoretical length of business shows a positive effect on increasing income. The basic assumption used is that the longer a person's effort, the more productive a person's work will be and produce satisfactory work productivity because the length of effort and the level of knowledge allow a person to be more productive compared to relatively less time of running a business [18].

3.4 Characteristics of The Respondents Based on Their Education

Characteristics of the respondents based on their education show by Figure 3 as a follow:

Figure 5. Education
Figure 5 shows that most of the respondents in this study were high school/ vocational high school (SMA/SMK) graduates, with the highest number being 105 people or 57.4%, and the lowest were respondents with Master's degree education with a total of 3 or 1.6%. It can be concluded that the majority of culinary SMEs business actors are dominated by high school or vocational education with the ability to work in teams regardless of position and task. IT skills in counting and writing that are owned when high school is one of the potentials they have. This is in line with the opinion Komisi XI, that the education level of SMEs actors is on average elementary to high school graduates.

### 3.5 SEM-PLS Analysis

According to [19], the outer model rating is used to assess the relationship between each indicator and the latent variable construct.

1. Convergent Validity

According to [19], an indicator is considered valid if it has a load value > 0.70, but in some cases, especially with newly developed questionnaires, the load requirements above 0.70 are not met. While indicators with a load below 0.70 should be considered, indicators with a load below 0.40 should be removed from the model. While the AVE limit is 0.50 and the composite reliability is 0.70.

#### 3.5.1 Value of the Load Factor in the Initial Path Model

Loading factor value in the final model show by Figure 6 as a follow:

![Figure 6 Loading factor value in the final model](image)

Based on the results of the Loading factor value in Figure 6, in the calculation model of the SEM PLS initial path model, there are still indicators with a load factor value below 0.40, namely EM1, EM2, EM6, EM8, ICT1. These indicators need to be trimmed and recalculated. The dropping measure was taken because the five indicators were not strong enough to describe the latent variable construct.

2. Validity and Reliability

a. Calculation of The Mean-Variance Extracted (AVE) Value

The AVE limit value is> 0.50. The final result of the AVE value means that all variables in the SEM-PLS model are considered valid, which can be seen in the Table 1:

<table>
<thead>
<tr>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM</td>
</tr>
<tr>
<td>ICT</td>
</tr>
<tr>
<td>MP</td>
</tr>
</tbody>
</table>

Based on the results of the Average Variance Extracted (AVE) test in Table 1, the final test results of the convergent validity of the SEM-PLS model show that 18 indicators have a load value between 0.40-0.70 and all variables have an AVE value> 0.50. From this result, it can be concluded that the research results are valid for all variables. When calculating the Average Variance Extracted (AVE) value, the size of the variance or diversity of Manfies variables is described in the latent construct [20].

b. Calculation of the Cronbach Alpha Value and the Composite Reliability

The results of the computation of Cronbachs alpha and composite reliability values for all variables have Cronbach's alpha and composite reliability values> 0.70. From this, it can be concluded that all variables used are reliable, which can be seen in the following Table 2.

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>rho_ (AVE)</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM</td>
<td>0.816</td>
<td>0.818</td>
<td>0.868</td>
</tr>
<tr>
<td>ICT</td>
<td>0.886</td>
<td>0.894</td>
<td>0.912</td>
</tr>
<tr>
<td>MP</td>
<td>0.932</td>
<td>0.933</td>
<td>0.949</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>rho_ (AVE)</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM</td>
<td>0.816</td>
<td>0.818</td>
<td>0.868</td>
</tr>
<tr>
<td>ICT</td>
<td>0.886</td>
<td>0.894</td>
<td>0.912</td>
</tr>
<tr>
<td>MP</td>
<td>0.932</td>
<td>0.933</td>
<td>0.949</td>
</tr>
</tbody>
</table>

Based on the results of Cronbach’s Alpha and Composite Reliability in Table 2, all variables have Cronbachs alpha and composite reliability values above 0.70, from which it can be concluded that all variables used are reliable. According to [20], a variable is considered reliable if it has Cronbachs alpha and composite reliability> 0.70

3. Discriminatory Validity

The calculation of the Fornell-Larker criterion and the transverse load value is shown in the following Table 3.
Based on the results of Forwell-Lacker creation in Table 3, the calculation results show that the value of each variable for the variables e-marketing strategy, ICT, and marketing performance is 0.724, 0.773, and 0.887. According [19], discriminant validity aims at the extent to which the indicator reflects the latent variable.

Value cross loading show by Table 4 as a follow:

<table>
<thead>
<tr>
<th>Table 4</th>
<th>Value Cross Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EM</td>
</tr>
<tr>
<td>EM10</td>
<td>0.789</td>
</tr>
<tr>
<td>EM3</td>
<td>0.599</td>
</tr>
<tr>
<td>EM4</td>
<td>0.708</td>
</tr>
<tr>
<td>EM5</td>
<td>0.719</td>
</tr>
<tr>
<td>EM7</td>
<td>0.735</td>
</tr>
<tr>
<td>EM9</td>
<td>0.777</td>
</tr>
<tr>
<td>ICT2</td>
<td>0.483</td>
</tr>
<tr>
<td>ICT3</td>
<td>0.543</td>
</tr>
<tr>
<td>ICT4</td>
<td>0.581</td>
</tr>
<tr>
<td>ICT5</td>
<td>0.600</td>
</tr>
<tr>
<td>ICT6</td>
<td>0.616</td>
</tr>
<tr>
<td>ICT7</td>
<td>0.607</td>
</tr>
<tr>
<td>ICT8</td>
<td>0.550</td>
</tr>
<tr>
<td>MP1</td>
<td>0.630</td>
</tr>
<tr>
<td>MP2</td>
<td>0.639</td>
</tr>
<tr>
<td>MP3</td>
<td>0.576</td>
</tr>
<tr>
<td>MP4</td>
<td>0.588</td>
</tr>
<tr>
<td>MP5</td>
<td>0.567</td>
</tr>
</tbody>
</table>

Based on the results shown in Table 4, the calculation results show that the load value of each indicator of the latent variable is larger than the load value of the other variable. Then, it can be concluded that the discriminant validity is good.

3.5.2 PLS (Inner Model) SEM Analysis

1. R 2 (R-square)

According to [19], the value of R2 (R-squared) is described by the measurements of the model predictions. The dependent variable in this study is the marketing performance of SMEs. Then the value of R2 in this study can be seen in Table 5.

<table>
<thead>
<tr>
<th>Table 5</th>
<th>Value R-square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square</td>
</tr>
<tr>
<td>EM</td>
<td>0.546</td>
</tr>
<tr>
<td>MP</td>
<td>0.516</td>
</tr>
</tbody>
</table>

Based on the results of the R-square value in Table 5, the value of R² (R-squared) for the e-marketing adoption variable is 0.546, which explains the e-marketing strategy latent variable of 55%. While the other 45% is explained by other variables outside of the research model. The value of R² (R-squared) for the latent variable of marketing performance is 0.516, so it can be interpreted that the latent variable of e-marketing strategy can explain the latent variable of marketing performance by 52%. While the other 48% are explained by other variables outside of the research model.

2. Path Coefficient

According to [20], the path coefficient is useful in understanding the importance of the relationship between latent variables. A path has a significant effect if it has a T-statistic value > T-table with a T-table value of 1.96 (at 5% significance level) and p-values <0.05. The initial sample value describes the positive or negative relationship between the latent variables. Table 6 show path coefficient value as a follow:

<table>
<thead>
<tr>
<th>Table 6</th>
<th>Path Coefficient Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Path of influence</td>
</tr>
<tr>
<td>EM -&gt; MP</td>
<td>0.416</td>
</tr>
<tr>
<td>ICT - &gt; EM</td>
<td>0.739</td>
</tr>
<tr>
<td>ICT - &gt; MP</td>
<td>0.354</td>
</tr>
</tbody>
</table>

Based on table 6 is the results of the hypothesis test by the path coefficient show that ICT has a positive and significant effect on e-marketing strategy, then H1 is accepted, meaning that the higher the use of ICT in culinary SMEs, the higher the ability to apply e-marketing strategies. In accordance with the research results of [20] that information communication and technology were positively and significantly related to competitiveness, size, and age of the company or company, not the effects of competitiveness in the use of information communication and technology. Sari et al. showed that the CEO motivation, competition, perceived usefulness, self-efficacy had a positive and significant influence on internet use in SMEs, while the perception of user-friendliness and computer/ internet fear variable did not influence internet use in SMEs. Internet use had a positive and significant effect on improving the performance of SMEs.

ICT has a positive and significant effect on marketing performance, then H2 is accepted, meaning that the higher the use of ICT in culinary SMEs, the higher the marketing performance in culinary SMEs. According to the research by [21] e-marketing is a marketing activity that supports information communication and technology such as information exchange, customer support, customer relationship management, market research, and
strategic planning, resulting in higher financial and operational performance. [22] pointed out that information communication and technology is a valuable mechanism based on a range of software, peripherals, hardware, and mobile technologies that offer diverse opportunities for businesses for the implementation of e-marketing activities.

The e-marketing strategy has a positive and significant effect on marketing performance, H3 is accepted, meaning that the better the use of e-marketing, the higher the marketing performance of culinary SMEs. The results showed a contradiction in the relationship between e-marketing and marketing performance [23] . [23] and [24] found a strong positive relationship between e-marketing and marketing performance. It is necessary to understand the impact of e-marketing on customer and business market behavior. As a result, most business companies have started to develop their e-marketing strategies and tactics for the Web. This in turn will increase the competence and effectiveness of the usual standard marketing functions, so that SMEs have the potential to add customer value and/or increase company profitability.

3. Indirect Effect Value
Hypothesis tests were also performed to determine the size of the indirect effect. The results are shown in the following Table 7.

<table>
<thead>
<tr>
<th>ICT -&gt; EMM -&gt; MP</th>
<th>Specific Indirect Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.308</td>
</tr>
</tbody>
</table>

Based on the result, the indirect effect value is 0.308.

4. Model Fit
Model Fit show by Table 8 as a follow:

<table>
<thead>
<tr>
<th>Table 8 Model FIT</th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.079</td>
<td>0.079</td>
</tr>
<tr>
<td>d_ULS</td>
<td>1.061</td>
<td>1.061</td>
</tr>
<tr>
<td>d_G</td>
<td>0.933</td>
<td>0.933</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>730.849</td>
<td>730.849</td>
</tr>
<tr>
<td>NFI</td>
<td>0.714</td>
<td>0.714</td>
</tr>
</tbody>
</table>

Based on the results of the model Fit Overall test in Table 8, it can be seen that the model is good and meets the cut-off value, so the model can be said to be "fit" and suitable for use, and the interpretation can be made for further discussion with an NFI value of 0.714, which means that 71% of this research model is good.

4. CONCLUSIONS
Information and communication technology had a positive effect on the marketing performance of SMEs.

The e-marketing strategy could mediate the influence of ICT on the marketing performance of SMEs.

This study has several limitations. First, the research sample only covers small and medium-sized enterprises in one area, so the results cannot be generalized. Second, this study examines the type of culinary business only. Therefore, further research needs to expand the sample coverage and assess other types of businesses. The results of this study indicated that SMEs need to develop marketing strategies, including paying attention to the development of ICT with an emphasis on the marketing mix, namely products, people, places, marketing, promotions, processes, physical evidence, and coordination between functions as well as the development or innovation of new products. The development of the right e-marketing strategy can improve marketing performance.

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The Effect of Electronic Customer Relationship Management (eCRM) on Customer Satisfaction

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ABSTRACT
The development of technology in this digital era cannot be avoided in people’s lives, including in Indonesia, because internet-based technology is a solution and can simplify every activity carried out. The internet will make it easier for people to connect with each other and provide internet-based services. Thus, companies must consider building customer relationships. The purpose of this study was to analyze the effect of eCRM on customer satisfaction. This research was conducted with a survey sampling method. The population of the research was MyTelkomsel users with a minimum age of 17 years. Samples that have been collected were 100 respondents by purposive sampling. The results of the validity and reliability test supported continue this research. The data collection was analyzed using simple regression techniques using SPSS version 25. The results showed that the eCRM variable had a positive effect on customer satisfaction. This finding implies that it is important for companies to improve and further develop mobile application systems to provide more satisfaction to customers. They also need to prioritize developing mobile application systems so that companies can reach consumers better and more easily.

Keywords: Electronic Customer Relationship Management, Customer Satisfaction, Internet-Based Technology.

1. INTRODUCTION
The development of technology in the world is growing rapidly. In this digital era, it cannot be avoided in people’s lives because internet-based technology is a solution and can make it easier in every activity carried out. The internet will make it easier for people to connect with each other and internet-based services will provide a drastic reduction in transaction costs between users and providers [1]. This is something that companies must consider in building relationships with customers. Technologies such as social media and customer relationship management (CRM) can facilitate a two-way exchange of information between buyers and sellers and can generate value and assimilate information from the internal and external environment [2]. Maintaining relationships with customers is a key factor in maintaining the competitiveness of the company. Thus, this is the key success factor. Companies can fully communicate and interact with customers to establish good relationships, seek new relationships and manage relationships, meet customer needs, increase customer satisfaction and customer retention, and build high customer [3]. Internet technology has turned CRM into electronic CRM (eCRM), as companies can use internet technology to capture new customers, track their online preferences and behavior, and customize support and services [4]. Electronic Customer Relationship Management (eCRM) is a comprehensive marketing strategy that integrates technology, people, and processes to attract and retain customers through communication channels such as cell phones and the internet. The electronic relationship between eCRM and customer loyalty causes more satisfied customers, so they repurchase and give a positive word of mouth about these services [5].

As the best cellular provider in Indonesia, PT Telekomunikasi Seluler (Telkomsel) makes efforts to increase customer satisfaction by providing service facilities for customers to maintain good relationships with customers as mentioned in research entitled "Barometer of Mobile Internet Connections in Indonesia" in 2019. Table 1 shows that Telkomsel offers the best overall internet performance, with a value of 35.499
points. It can be identified that Telkomsel has the highest score and ranks 1 as the best provider in Indonesia compared to their competitors. n Perf Barometer of mobile internet connections in Indonesia 2020 show by Table 1 as a follow:

Table 1 Perf Barometer of Mobile Internet Connections in Indonesia 2020

<table>
<thead>
<tr>
<th>Name of Mobile data connection</th>
<th>Barometer mobile data connection in Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank</td>
</tr>
<tr>
<td>3 Tri</td>
<td>3</td>
</tr>
<tr>
<td>IndosatOoredo</td>
<td>5</td>
</tr>
<tr>
<td>Smartfren</td>
<td>4</td>
</tr>
<tr>
<td>Telkomsel</td>
<td>1</td>
</tr>
<tr>
<td>XL Axiata</td>
<td>2</td>
</tr>
</tbody>
</table>

As the best operator in Indonesia, Telkomsel tries to provide easy access to services for its 130 million customers through the MyTelkomsel application which can be operated on smartphones and tablets with Android, iOS, BlackBerry, and Windows Phone operating systems. Based on the ratings and reviews of MyTelkomsel users in 2021 through the Playstore, the MyTemkomsel app has a rating of 3.8 while the IndosatOoredo application has a rating of 4.5. Thus, the service improvement carried out by the company is an effort to create customer satisfaction. Customer satisfaction with services helps develop the behavioral side of the customer in terms of the intention to carry out repeated electronic transactions, and the emotional side in terms of giving positive words of mouth to other people [6]

Customer relationship management as a business strategy is important for companies that are transforming from transaction-oriented into relationship-oriented business strategies and pursuing mutually beneficial relationships with customers [7]. Effective exchange of information between buyers and sellers is critical to the success of the seller. Buyers serve as the primary source of market intelligence for sellers. Furthermore, the means of communication between buyers and sellers through information technology is progressing rapidly [8]. Internet technology has turned CRM into electronic CRM (eCRM), as companies can use internet technology to capture new customers, track their online preferences and behavior, and customize support and services [4]. Electronic customer relationship management is a comprehensive marketing strategy that integrates technology, people, and processes to attract and retain customers through electronic communication channels such as cellular phones and the internet [5]. eCRM is a management strategy that includes marketing with information technology to attract customer satisfaction [9]. eCRM has become a more interactive communication tool and relationship-making platform with customers [10]. In the last decade, e-commerce is growing rapidly along with the development of mobile devices. Many smartphone devices have sprung up that affect the increase in cell phone use [11].

A. Information Quality

Information quality is the degree to which information has the characteristics of content, form, and time, which give it value for certain end-users [12]. According to Jogiyanto, the quality of information includes three things:

1. Accurate, information must be true and free from errors. The information must have accuracy so that the truth is not in doubt.
2. On time, where the information that comes is not late. Late information is considered to be of no value anymore because the information is used to make decisions.
3. Relevant, existing information has useful value in accordance with what is needed by the user.

B. Ease of Navigation

One of the things that affect user satisfaction is navigation which includes how the site is easy to learn and does not confuse users. Ease of navigation means that a site’s functions can help users find what they need without experiencing difficulties, making it easier for users, and quickly assessed [13].

Another thing that needs to be considered by companies to provide the best service is service quality. The service received is in accordance with customer expectations, so the service provided is good. Because service quality can be interpreted as how far the reality and expectations of customers for all services received or got [14].

C. Customer Satisfaction

Providing the best service is not easy. Service that can destroy a business is the first bad service to customers, which will result in customer disappointment and subsequently the spread of negative news about the company's services [15]. In the book of marketing ethics, according to [16], by providing good service, customers will feel satisfied. Satisfaction is an assessment of the characteristics or features of a product or service, which provides a level of customer pleasure related to meeting consumer-customer needs. Customer satisfaction can be created through quality, service, and value. Satisfaction is a person's feelings of pleasure or disappointment that arise after comparing perceptions or impressions of the performance or results of a product and their expectations [17]. Figure 1 illustrates the relationship between eCRM to customer satisfaction.
Figure 1. Framework

Based on the explanation above, the problems of the research can be identified as follow: Does the eCRM (X) affect customer satisfaction (Y)?

2. METHODS

This study was conducted to ensure the reliability and validity of the pre-determined measures. The two analyzes were used to test whether the data obtained were valid and reliable so that they could be used for further research. Hypothesis testing was carried out by using SPSS 25 assisted regression analysis. The collected data were analyzed using a 5-point Likert system rating scale from strongly disagree to strongly agree to obtain interval data and the respondents were given a survey score of 100 respondents.

The primary data used for the study were collected by using a questionnaire distribution. While secondary data was collected from online newspapers, literature, journals, books accessed via the internet, and others. The sample selected as respondents was the MyTelkomsel mobile application users in West Java. The sample collection technique in this study was through non-probability sampling with purposive sampling determination method, namely the sampling technique provided where certain criteria are met. [18] stated that for structural model analysis, it is better if the sample ranges from 100-200 respondents, or to be precise, the minimum number of samples is 5-10 times the number of parameters (indicators). Several considerations were made in determining the respondents, namely:

1. People in the territory of Indonesia aged 17 years and above
2. People’s experience in using the MyTelkomsel application.

3. RESULTS AND DISCUSSION

In this study, it is known that the variables in this study are Electronic Customer Relationship Management (eCRM) as the X variable and customer satisfaction as the dependent variable or Y. This study aims to determine whether there is an influence between these variables. The results of the study were based on the calculation of each respondent’s answer score, so that from these results the respondents’ answer scores were obtained.

Data analysis used linear regression analysis with the help of SPSS 25. Multiple regression is an extension of the regression technique if there is more than one independent variable to make predictions on the dependent variable [19]. That is to find out how much influence eCRM has on customer satisfaction which can be seen in Table 2 and Table 3.

Based on the results, it is shown in Table 2 that the t-count of the eCRM variable is 2.145 and the t-table value for N = 100 with an error rate of 5% is 1.98. This figure shows that t count > t table, and the significant level is brought to 0.05, which is 0.034. In this case, it can be concluded that there is a significant influence between the eCRM variable and customer satisfaction.

Result of coefficients show by Table 2 as a follow

Table 2. Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Constant</td>
<td>2.141</td>
<td>0.998</td>
</tr>
<tr>
<td>ECRM</td>
<td>.291</td>
<td>0.021</td>
</tr>
</tbody>
</table>

The influence of the ECRM variable on customer satisfaction can be seen in Table 3. Based on the test results, it is known that the coefficient of determination (R2) is 0.659. This shows that the ECRM variable affects customer satisfaction by 65.9% and the remaining 34.1% is influenced by other variables not described in this research model. Model summay show by Table 3.

Table 3. Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.811</td>
<td>.659</td>
<td>.655</td>
<td>1.15026</td>
</tr>
</tbody>
</table>

The Pearson bivariate correlation analysis in Table 4 shows that the Sig. (2-tailed) between eCRM (X) and customer satisfaction (Y) is .000 < 0.05, which means that there is a significant correlation between the eCRM variable and customer satisfaction. Meanwhile, based on the calculated R-value (Pearson Correlations), the relationship between eCRM (X) and customer satisfaction (Y) is 0.811, which is at the limit of the correlation coefficient interval, which is 0.800-1.000. This means that it has a strong relationship level, and there is a relationship or correlation between the eCRM variables with customer statistics variables. The result of correlation show by Table 4.
Based on the results of the research above, it shows that there is a significant effect of eCRM on customer satisfaction of the MyTelkomsel application mobile users. It has similar findings with previous research that customer satisfaction significantly affected eCRM in the context of Saudi Arabia [20]. eCRM has become very important, which enables organizations to offer and cater to each customer for their individual needs, and to promote customer order processing [21]; [22]; Doherty & Lockett, 2007; [23]; [24]. The development of mobile application features includes the convenience of customers to express their opinions and suggestions, convenience, attractive design, security, providing user security guarantees to customers so that they feel comfortable providing their personal information, and the ease of use of the application. When the company applies all the eCRM value factors appropriately, it leads customers to use the website or application consistently, then the eCRM value results in higher ones. In this case, companies need to improve and further develop mobile application systems to provide more satisfaction to customers of the MyTelkomsel mobile application. eCRM has developed in recent years into a key strategy that provides a diverse combination of activities for understanding, predicting, and satisfying customer needs [25]; [23], which make it easier for consumers to access and contact the company if any problems occur. With the satisfaction that consumers have with the MyTelkomsel mobile application, the possibility of consumers to continue using the application is higher.

4. CONCLUSIONS

The findings of this study showed that the eCRM variable had a significant effect on customer satisfaction. The results of hypothesis testing showed that eCRM had a positive effect on customer satisfaction. To increase competitiveness with other telecommunications providers, companies need to improve and strive to further develop the MyTelkomsel mobile application system, such as improving the quality of good information and ease of accessing what consumers need. This is also useful to be able to improve a good relationship between the company and the customer.

Table 4. Correlation

<table>
<thead>
<tr>
<th></th>
<th>ECRM</th>
<th>Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECRM</td>
<td>Pearson</td>
<td>.811**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Pearson Correlation</th>
<th>.811**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

REFERENCES


The Effect of Delivery Service Innovation on Customer Satisfaction

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ABSTRACT

This study aims to determine the effect of delivery service innovation on customer satisfaction at PT. Pos Indonesia. The population in this study was all customers of PT. Pos Indonesia in Bandung using delivery services through the QPosinAja application. The sampling technique used a purposive sampling method with a total sampling of 115 people. The measurement scale used a Likert scale with a simple regression technique utilizing the program application SPSS 25.0 for data analysis. The result showed that the delivery service innovation had a positive effect on customer satisfaction at PT. Pos Indonesia. This finding implies that to increase customer satisfaction, a company needs to create a service innovation such as digital services that can make it easier for customers and it can reach the wider community.

Keywords: Delivery Service, Innovation, Customer Satisfaction.

1. INTRODUCTION

In the current era of globalization, business competition, especially in the service sector, is getting tougher in Indonesia. A service is an action offered by one party to another that is intangible and does not create ownership of anything [1]. The higher the level of competition, the more consumers choose various alternative products, prices, and other variations in quality. Thus, consumers will look for the value that is considered the highest from these various products [2]. A business or company must create and design a strategy to create customer satisfaction to create consumer loyalty [3]. One of the businesses that currently continues to develop from time to time is the delivery service business. The Indonesia Logistics Performance Index 2019 noted that the logistics business has increased very rapidly in the last three years and Indonesia is ranked 46th globally compared to 2016 which was ranked 63rd [4].

According to the Chairman of the Association of Indonesian Express, Post, and Logistics Delivery Service Companies (Asperindo), Mohammad Feriadi (2020), the potential for the freight forwarding business will increase along with internet development and wider infrastructure development [4]. In addition, there is an increase in online businesses that require freight forwarding services as partnersto meet the needs of shipping goods. With the many competitors and the increasing demand of the Indonesian people regarding the need for delivery services, shipping service companies are competing to increase customer satisfaction. Customer satisfaction is an expression of feelings of pleasure or disappointment from consumers after the consumer compares the expected performance with the reality obtained for the service it receives [5].

One of the shipping service companies, namely PT. Pos Indonesia is a state-owned company engaged in logistics services. PT. Pos Indonesia is in the fourth position of the Top Brand Index compared to private companies such as JNE, J&T, and Tiki [6]. In 2020, the market share of JNE is 27.3%, J&T is 21.3%, Tiki is 10.8%, and PT. Pos Indonesia is 7.7%. As a state-owned company, PT. Pos Indonesia needs to be the market leader and control a wider market share in the field of shipping services in Indonesia.

Therefore, it is necessary for PT. Pos Indonesia to create innovation that absorbs a wider market share. Commercial Director of PT. Pos Indonesia, Charles Sitorus, mentioned that his party will create digital services and have prepared them to be able to compete with other competitors [7]. In addition, with the development of technology, PT. Pos Indonesia continues...
to strive to attract the millennial market by utilizing digital platforms. PT. Pos Indonesia will continue to strive to maximize services that can keep up with the times and instill a brand in the minds of consumers, especially millennials [7].

One of the digital service innovations of delivery services at PT. Pos Indonesia is the QPosinAja application. QPosinAja's digital delivery service is a digital application that provides services that can provide service and delivery features in one application. This service includes package pick-up at the customer's location, delivery, an online ordering system, order tracking features, and rate checks to help users estimate costs. Customers who want to send goods no longer need to come to the post office but simply ask to be picked up at home and the goods will be picked up [7]. QPosinAja's digital delivery service is intended to make it easier for consumers to deliver packages [7]. The presence of this digital service application can create convenience and improve customer service [7].

Innovations created will increase the added value of a product or service produced and provide a good solution to a problem faced by consumers [8]. A creative innovation, either service innovation or product innovation, improves the quality of the company in creating products or services to improve the competitive quality and performance of a company [9]. Product or service innovation can increase customer satisfaction [10]. This is because the company can provide updates in service delivery, both from the technology used to serve customers, improving interactions with consumers needed to maintain communication with consumers, and the development of services provided to consumers. From the explanation above, the purpose of this study is to find out the influence of delivery service innovation on customer satisfaction.

2. METHODS

This research is descriptive research with a quantitative approach. This study aims to determine the effect of service delivery innovation on customer satisfaction. The independent variable used was service innovation and the dependent variable was customer satisfaction.

The population used in this study was all customers of PT. Pos Indonesia in Bandung using the QPosinAja service application. The number of samples used in this study was 115 respondents using the purposive sampling method. Analysis of structural models should have samples ranging from 100-200 respondents or to be precise, the minimum number of samples is 5-10 times the number of parameters (indicators) [11]. The method of data collection in this study was the questionnaire method. The data collected were analyzed using simple regression analysis with the SPSS 25.0 program.

3. RESULTS AND DISCUSSION

The result of the data analysis is shown in Table 1. Table 1 shows the magnitude of the correlation or relationship (R) value which is equal to 0.702. From the output, it is obtained a coefficient of determination (R square) of 0.492 which implies that the effect of the variable delivery service innovation on customer satisfaction is 49.2%.

Table 1. Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R square</th>
<th>Std. Error estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.720</td>
<td>.492</td>
<td>.488</td>
<td>3.552</td>
</tr>
</tbody>
</table>

Table 2 shows the equation model with simple regression analysis with the calculation results Y = 12.906 + 0.766. If the constant value of the delivery service innovation variable (X) is considered zero (0), then the result of customer satisfaction is 12.906. Then if the coefficient value of the direction of delivery service innovation (X) is 0.766, it means that when the value of delivery service innovation increases by 1 (one) unit, then the value of customer satisfaction can change with a value of 0.766 units, assuming everything else is constant. The coefficient results are positive which can be seen from the results of the equation, which means that the innovation of delivery services has a positive relationship with customer satisfaction.

Table 2. Simple Regression Equation

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>---</td>
<td>------</td>
</tr>
<tr>
<td>1 (constant)</td>
<td>12.960</td>
<td>2.317</td>
<td>.569</td>
<td>.000</td>
</tr>
<tr>
<td>Service Innovation QPosinAja</td>
<td>.766</td>
<td>.703</td>
<td>0.46</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 3 explains that the hypothesis by comparing partial t arithmetic with t table used df (nk) of 1.65845. T value is generated for service innovation (X) amounted to 10.466, then t table is10.466 > 1.65845 with significance 0.000 > 0.05 with a significance level of 5%. This means that the delivery service innovation variable has a positive effect on customer satisfaction.

Table 3. Hypothesis Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficient</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constants)</td>
<td>5.569</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>
This study finds that in the logistic industry, service innovation has a positive and significant effect on customer satisfaction. Service innovation can make it easier for customers to create customer satisfaction.

Based on this research, service innovation influences customer satisfaction. Service innovation can also affect customer satisfaction, when service innovation is provided, it increases customer satisfaction. This is consistent with the theory put forward [10,12] that the service innovation created by a company can make customers very satisfied with the services provided by the company. Service innovation significantly affects customer satisfaction. The higher the innovation service is improved, the higher the customer satisfaction [12].

Service innovation can make customers very satisfied with the service provided by the company. This happened because the company can provide updates in the technology used to serve customers, improved interaction with customers needed to maintain communication with customers as well as the development of service provided to customers [12]. Service innovation affects customer satisfaction, can improve company performance, and can meet the needs of customer demands [13]. Service innovation of the company will have a significant effect on customer satisfaction [13].

Innovation will increase the added value of a product or service and can provide better solutions for solving problems faced by customers. Companies that are continuously able to create differentiation through innovation and are able to communicate this product or service will create a different image of the product or services from competitors [14]. With this innovation, there will be an increase in quality improvements, so that customers will feel more satisfied and reluctant to switch to other products or companies [14].

4. CONCLUSIONS

Service innovation had a positive and significant impact on customer satisfaction in the logistic industry. Service innovation can make it easier for customers to create customer satisfaction. It means the service innovation can make customers very satisfied with the services provided by the company.

REFERENCES


Creating Tourism Experience- Orchestra Model Approach

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ABSTRACT
Creating the tourism experience is an important part of a series of tourism activities. A good experience will create a good memory in the mind of tourists. To produce a tourist experience, the tourism destination manager should pay attention to what components can shape the experience itself. Thus, this study aims at finding out how the destination manager can develop components that can build the tourism experience. The methodology used is qualitative using orchestral model analysis introduced by Pearce (2011). The data collection process was carried out using observation, interviews, and literature review. As the results of research, it was found that the use of an orchestral model in building experiences in Ciburial Tourism Village was not fully available since there are some factors influences including tourism destination managerial skill and the limit of knowledge regarding how to create the tourism experience. Thus, it is necessary to understand and develop further strategies from the destination manager on creating an optimal tourism experience from a management perspective as part of tourism marketing goals.

Keywords: Tourism Experience, Tourism Village, Orchestra Model, Tourism Marketing.

1. INTRODUCTION

Tourism Experience is an important part of a series of tours. Creating experiences is an inseparable part of managing a destination. So far, there have been many studies to find out and analyze how tourists obtain experiences, but very few studies have examined from the point of view of destination managers how to create experiences that are impactful future management. The construction in building the tourist experience is vital for destination managers to provide services as well as long-term impacts, for example, the intention to visit again or recommend to other parties.

Indonesia has a variety of tourism potentials spread throughout the province. Each province is spread over several villages, which are unique and cannot be found in other villages. This encourages the government to optimize the development of tourist villages. This is in line with the objectives of tourism development, namely to make the community welfare [1].

Currently, the development of a tourist village has become a National program (Ministry of Tourism and Creative Economy). In 2018 there were 1,734 tourist villages out of 83,931 villages in Indonesia. Even the Ministry of Villages, Development of Disadvantaged Areas, and Transmigration (Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi) targets the number of tourist villages to increase to 10,000 tourist villages by 2020 as stated in BPS [2]. The concept of a tourism village should be developed to realize sustainable tourism development [3].

This study is focused on one of the tourist villages in West Java, namely Wisata Ciburial Village, Bandung Regency, to analyze how to create tourist experiences prepared by destination managers. The experience model approach used is the orchestral model introduced by Pearce (2011) as an integration model in forming experiences.

1.1 Tourism

There are several concepts and definitions regarding tourism. According to [4], Tourism is a multidimensional concept and inevitably gives birth to various points of view [4]. However, several things have led to a mutual understanding that tourism has an essential element in it. Meanwhile, [4] revealed that tourism is a series of
activities and the provision of services for the needs of tourist attractions, transportation, accommodation, and other services aimed at meeting the travel needs of a person or group of people. The trip he does only temporarily leaves his residence intending to rest, do business, or for other purposes [4].

On the other side, there are four critical elements in tourism [5], which are essential to note: demand, destination, industry and government organizations, and marketing. These four elements are related to one another; thus, discussing one element will also offend others [5]. In simple terms, tourism is an activity that involves movement from one place to another that requires supporting facilities that are carried out in a temporary period.

1.2 Tourism Village

A tourist village is a rural-based tourism development concept with the basic principles of rural tourism. In Indonesia, tourism village development activities are one of the government’s efforts to improve welfare, reduce poverty and preserve village potential. There are several definitions and understandings of tourism villages described as follows.

According to [6] defines a tourism village as the integration of attractions, accommodation, and supporting facilities in a structure of community life as its main attraction. Tourism activities rely on rural potential as the attraction [7]. Conceptually, According to [8], a tourism village is an effort to diversify the rural economy that relies on tourism activities. The rural cultural tourism attractions offered are related to natural, historical, and cultural attractions such as a rural atmosphere with rice fields or a simple house with all life characterized by agrarianism.

On the other hand, [9] outline that a tourism village is a form of development in alternative tourism activities where the development process considers the sustainability of the village, such as traditions and culture. In developing a tourism village, the criteria need to be understood [10], including the existence of objects or destinations and attractions: the village has tourist destinations, and its location is close to well-known tourist objects to be included in the travel package; 2). There is physical access (facilities) and marketing; 3). Has partnership potential; 4). There is enthusiasm and motivation from the community, and 5). Availability of public facilities. In addition, the development of a tourism village must also pay attention to the principles of planning for other tourism villages: 1). Taking into account the characteristics of the local environment; 2). Minimizing the negative impacts that will be caused in the area; 3). The materials used are under the local environmental conditions; 4) the materials used are environmentally friendly and recyclable; 5). Involving local or local communities either directly or indirectly [10].

The structure of village community life is strongly influenced by the physical structure of the village and the pattern of village settlements. The physical structure of the village includes climate, rainfall, topography, and others. This will affect settlement patterns and community behavior. With its natural and cultural potential, Bandung Regency has given birth to a variety of tourist villages with different characters. This gives particular interest if studied in-depth about aspects of community empowerment and management patterns [10].

1.3 Tourism Experience

There are several definitions of experience from various study results. [11] explains that experience is an empirical concept and phenomenon. Experiences are not well-established like other consumer and marketing concepts, such as choices, attitudes, customer satisfaction, or brand equity. Meanwhile, [12] explain that experience is a noun and verb that “is used in a variety of ways to convey the process itself, participate in activities, influence or how an object, thought or emotion is felt through the senses or thoughts, and even the results through skill or learning.”

Other insights come from other researchers, such as those expressed by Tarssanen and Kylänen [13], who define experiences as "emotional experiences that can lead to personal change" [13]. Meanwhile, Pine and Gilmore [14] defined experience as an unforgettable event, while according to Pitkänen and Tuohino [15], it is an affective event that has a substantial impact on the senses [14].

Grundey [16] adds that the definition of experience is a subjective episode in the construction of an individual, emphasizing the emotions and senses that live during immersion at the expense of the cognitive dimension. Then it was elaborated that in the experiential perspective, the consumption experience is no longer limited to pre-purchase activities or post-purchase activities, such as satisfaction assessments, but includes a series of other activities that influence consumer decisions and future actions.

The consumption experience is thus spread over a period which, according to Arnould and Price [17], can be divided into four main stages as follows:

Pre-consumption experiences, which involve seeking, planning, dreaming, predicting, or imagining experiences;

The buying experience that comes from choice, payment, packaging, encounters with services, and the environment
Core consuming experiences include sensation, satiety, contentment / dissatisfaction, irritation / flow, and transformation;

Consumption experiences and nostalgic experiences enable photographs to relive past experiences, which are based on tales of stories and arguments with friends about the past, and which move towards memory classification.

Other researchers shared other insights about the experience of traveling. [18] stated that tourism activity is consuming a product from the start of departure, during the activity, and at the destination. Moreover, [19] added that travel experiences are part of the product consumed by tourists in both physical and non-physical forms. Meanwhile, [20] reviewed various definitions of travel experiences, including acts of consumption that are created, responses to problems with ‘ordinary’ living, the search for authenticity, and various recreational activities. Li emphasized that the travel experience is essential for every individual.

According to [21] defines tourism experience as a combination of novelty that involves the pursuit of identity and individual self-realization. However, [14] individuals experience similar activities and settings in different ways. Therefore, [22] opinioned that experience is highly subjective; it can only be interpreted by reflecting on the specific individuals involved and the specific settings in which the experience takes place.

Meanwhile, [23], focusing on on-site experiences, define tourist experiences as interactions between tourists and destinations, with destinations as a form of experience and tourists as experienced actors. Furthermore, [24] stated that tourism experiences should be defined as events related to past trips that are significant enough to be stored in long-term memory.

Some of the definitions of experience above emphasize when tourists are in the destination area. However, the experience of traveling has started before the trip, as the planning stage and preparation are continued when tourists return through memory and communication about all the series of events that occurred. This was disclosed by [25]. The experience value is significant for tourists to build long-term memory. This long-term memory is the basis for the following behavior of the tourist, whether to recommend it or not, to revisit, or, on the contrary, never to return. This condition is vital for destination managers in creating tourist experiences, both given and artificial.

1.4 Tourism Experience Orchestra Model

There have been many studies and concepts regarding tourism experiences. Several elements can build experience in traveling activities. [26] stated that experience is shaped by cognitive and affective aspects. Cognitive in this context refers to knowledge and belief. Meanwhile, the term affective includes feelings, emotions, and moods ([27, 28, 29, 30] in [31]). The orchestral model introduced by [32] is an integration of these components, which includes sensory, affective, cognitive, behavioral, and relationships. This orchestral model can also be part of the basis for teaching experiential design, such as the research results revealed by [33].

Concerning creating the experience of traveling in the Tourism Village, the manager of the Tourism Village in managing the destination refers to the components that have been stated integration so that it is hoped that the experience of tourists can be holistic. In the sensory component, the tourist experience includes the involvement of the senses (what is seen, heard, felt, touched). The affective component consists of aspects of taste and emotion; the cognitive component must offer what knowledge and learning experiences tourists get. The behavioral component includes what activities can be done during a trip, such as taking photos, hiking, etc. Meanwhile, the relationship component describes the interaction of tourists with various related parties during the tour, such as relationships with local communities, tourists with tourists, tourists, and tourism service providers. The concept of this orchestral model can be seen in figure 1

![Figure 1 The tourist experience orchestral model [32]](image)

2. METHODS

The method used in this research is descriptive qualitative. The data collection process was carried out by observation, interviews, and literature review stages. Observations were made to determine to which extent the management of the tourist village preparing for tourist visits, and it was seen from the components of the orchestral model. Meanwhile, interviews were conducted with village management representatives (village administrators, pokdarwis (tourism community), and other related parties involved in the management of the tourism village. A literature review is used to reinforce the concepts that support the study being researched.

3. RESULTS AND DISCUSSION

Ciburial Tourism Village is one of the tourist villages in Bandung Regency, West Java, under the Decree of the
Referring to the development of an orchestral model tourism experience, the following table 1 shows the findings that have become part of the development in Ciburial Tourism Village in supporting the creation of tourism experiences, referring to the Orchestra model [32].

**Table 1. Summary of the development of the orchestra model tourism experience**

<table>
<thead>
<tr>
<th>No</th>
<th>Components of the Model Orchestra</th>
<th>An overview</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sensory</td>
<td>The experience of tourists includes the involvement of the senses (what is seen, heard, felt, touched)</td>
<td>1. Availability of natural scenery with natural village nuances 2. Karinding musical instrument appearance 3. Local culinary presentation (Talang tea, tofu, honey)</td>
</tr>
<tr>
<td>2</td>
<td>Affective</td>
<td>The process of creating experiences from the aspects of taste and emotion</td>
<td>1. The combination of the natural atmosphere 2. The atmosphere from other facilities.</td>
</tr>
<tr>
<td>3</td>
<td>Cognitive</td>
<td>What knowledge and learning experiences tourists get</td>
<td>1. Farming education experience 2. Experience in understanding local culture supported by arts 3. Experience making local specialties of Ciburial</td>
</tr>
<tr>
<td>4</td>
<td>Behavior (Attitude)</td>
<td>What activities can be done while traveling</td>
<td>1. Introduction to organic gardening 2. Take photos with nature 3. Hiking 4. Biking</td>
</tr>
</tbody>
</table>

Referring to the concept of creating experiences that are very individual and subjective. In other words, by providing the same facilities in a destination, the value will be felt differently. However, the most important thing about developing this concept is not looking for a common experience from each person but how each component of the experience will be embedded in each tourist's mind. The components forming the experience of the orchestral model are conceptually constructed.

Another finding is that the orchestral model in building experiences in Ciburial Tourism Village was not fully available from the tourists’ perspective. Moreover, the management made a great effort to serve the tourist with particular facilities. In reality, there are still some factors affecting tourism experience management in terms of destination managerial skill and the limit of knowledge regarding how to create the tourism experience.

**4. CONCLUSIONS**

Based on the research results, it can be concluded that the manager of the Ciburial tourism village has provided various facilities to support the tour experience. The components that have been fulfilled include aspects of sensory, affective, cognitive, behavior, and relationships (as a fulfillment of the orchestral model in creating tourist experiences). Moreover, the tourist experience is individual and subjective. Although the management has provided supporting facilities for the formation of tourist experiences with an orchestral model, this does not necessarily mean that it can fulfill the needs and build a holistic experience for every tourist. Thus, it is necessary to understand and develop further strategies from the destination manager on creating an optimal tourism experience.
experience from a management perspective as part of tourism marketing goals.

REFERENCES

[1] Law No 10 Years 2009 about Tourism.


The Impact of Social Media Marketing on Consumer Purchase Decisions

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ABSTRACT
The purpose of this study is to determine the impact of social media marketing on consumer purchasing decisions for Indonesian rail transportation service users who operate in a monopoly market. Explanatory research with a quantitative approach was used in this study. This study utilized five variables: content creation, content sharing, connecting, community building, and purchase decision structure. The data were gathered through the distribution of online questionnaires to PT. Kereta Api Indonesia Instagram followers. Descriptive analysis and multiple linear regression analysis were used to analyze the data. The study found that the variables of Content Creation, Content Sharing, Connecting, and Community Building had a simultaneous and significant impact on the Purchase Decision Structure. Then, each variable of Content Creation, Content Sharing, Connecting, and Community Building has a partial and yet significant impact on the Purchase Decision Structure.

Keywords: Social Media Marketing, Purchase Decision.

1. INTRODUCTION

The development of social media and its application in marketing has a significant impact on business structure, organizational model changes, and the dynamics of the company's marketing. [1,2] According to [3], social media is a collection of internet-based applications based on the ideology and foundations of web 2.0 technology. As marketers begin to understand consumer purchasing behavior and increase their understanding of consumer feelings toward a particular brand or product, social media has become a component of market intelligence [4]. This opportunity can assist marketers in developing consumer communication, adjusting marketing messages, and maintaining a brand presence in the online marketplace [5].

While social media has been proven to be useful in business for learning what customers and the general public think about a company's products and services [6, 7], not all customers are comfortable with the technique [8]. When customers are uncomfortable, they are more likely to form bad perceptions that influence their purchasing decisions, resulting in a loss of consumer confidence in the company's products and a deterioration of the customer-company relationship. [9,10,11] This is a particular source of concern in gaining better knowledge and researching social media marketing.

This research aims to see how social media marketing can influence consumer purchase decisions for the positive outcome. The customers of PT. Kereta Api Indonesia, a state-owned transportation company in Indonesia, is the subject of this study. The company's services provide the research with its uniqueness. Unlike other modes of transportation, such as airplanes or other types of land transportation, such as buses, rail transportation services in Indonesia are controlled by a single firm with no market competition.

1.1. Social Media Marketing

According to [12], social media marketing is direct or indirect marketing that uses web-based tools to build awareness, recognition, memory, and action for brands, businesses, products, people, or other entities. Similar to blogging, microblogging, social networking, social bookmarking, and content sharing, social media marketing is a process that encourages individuals to promote their websites, products, or services through online social channels and to communicate by leveraging a much larger community who are more likely to do
marketing than through traditional advertising channels [13]. Social media marketing is a type of online advertising that uses the cultural context of social communities such as social networks, virtual worlds, social news sites, and social opinion sharing sites to achieve communication goals [14].

According to [12], four variables are used to determine the success of social media marketing:

1) Content Creation

Engaging content is the foundation of any social media marketing strategy. The content created must be appealing and represent the personality of a company in order for target consumers to trust it.

2) Content Sharing

Sharing content with social communities can help a company's network, and online audience grow. Depending on the type of content shared, sharing can result in indirect and direct sales.

3) Connecting

Social networking sites allow the company to meet more people who share their interests. Extensive networks can help to foster relationships that can lead to increased business. When engaging in social networking, it is critical to maintaining open and honest communication.

4) Community Building

The social web is a large online community of people who use technology to interact with people worldwide. With social networking, it is possible to create a community of people who share similar interests on the internet.

1.2. Purchase Decision

Purchasing decisions are processes in which consumers evaluate various choices and select one or more based on specific considerations [15]. According to [16], purchasing decisions are an evaluation process in which prospective consumers combine their knowledge of two or more alternative products and choose one of them. According to [17], consumer decision-making integrates knowledge to evaluate and choose one of two or more alternative behaviors. This integration process yields a choice, which is presented cognitively as a desire to behave. The purchase decision is defined as a consumer's subjective judgment that is reflected after the general decision to purchase a product or service [18, 19, 20 and 21].

According to [22], purchasing decisions have a seven-component structure that includes:

1) Product Type Selection

Consumers have the option of purchasing a product or spending their money elsewhere. The company should concentrate its efforts on people interested in purchasing the product and other alternatives they are considering.

2) Decisions about product form

This decision is related to what customers learn about the products they purchase. In this case, the train service is in line with what customers expect.

3) Brand-related decisions

Consumers must choose which brand to purchase because each brand has unique characteristics.

4) Decision about the seller

Consumers must decide where they will purchase the product, whether via the train's online application, other online applications that also offer train ticket purchasing services, or other channels.

5) Decision on product quantity

Consumers can choose the number of products they wish to purchase. Companies must be able to prepare a large number of products to meet the various needs of buyers.

6) Decision about the time of purchase

The availability of money owned by consumers is closely related to purchasing an item. Companies must understand the factors that influence consumer purchasing decisions to manage the timing of production and marketing activities.

7) Decision on the payment method

Consumers must decide whether to pay in cash or installments for the purchased product. The company must be aware of the buyer's preference for the payment method.

1.3. Hypothesis

H1: Social media marketing, which includes content creation, content sharing, connecting, and community building, has a significant concurrent effect on the Purchase Decision Structure variable.

H2: The variable Content Creation has a significant partial effect on the variable Purchase Decision Structure.

H3: The variable Content Sharing has a significant partial effect on the variable Purchase Decision Structure.

H4: The connecting variable has a marginally significant effect on the Purchase Decision Structure.

H5: The variable Community Building has a significant partial effect on Purchase Decision Structure.
2. METHODS

This was an explanatory study with a quantitative approach. The study was carried out by distributing random questionnaires to 41 respondents via the internet. In this study, the sample collection technique is non-probability sampling with a purposive sampling method, which is a sampling technique that is used if certain criteria are met. According to [23], determining a sample size greater than 30 but less than 500 is an appropriate and reasonable amount for general research. The questionnaire results were analyzed using multiple linear regression via the SPSS application for the statistical method.

3. RESULTS AND DISCUSSION

3.1. Respondent Characteristics

completed surveys that were then analyzed. According to the questionnaire results, most respondents were 58.5 percent female and 41.5 percent male. According to age, the majority of respondents were between the ages of 17 and 35, with 87.8 percent of those between the ages of 26 and 35 accounting for as many as 12.2 percent of those between the ages of 26 and 40. With a presentation of 80.5 percent, the most recent education held by the majority of respondents was undergraduate. The master's degree is only 7.3 percent, while the high school level is 12.2 percent.

3.2. Statistical Test Result

Table 1 shows the results of the F test on the Purchase Decision Structure variables of Content Creation, Content Sharing, Connecting, and Community Building with a significance level of 5% or equivalent to 0.05, a significance value of F 0.05, i.e., sig. F of 0.000 was obtained. As a result, the variables of Content Creation, Content Sharing, Connecting, and Community Building significantly affect the Purchase Decision Structure when combined.

Table 1 F Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>251.390</td>
<td>4</td>
<td>62.847</td>
<td>32.611</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>213.920</td>
<td>111</td>
<td>1.927</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>465.310</td>
<td>115</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Dependent Variable : Y
2. Predictors : (Constant), X4, X1, X2, X3

The findings of this study are illustrated in Table 2, which concludes the structure of consumer purchasing decisions for PT. Kereta Api Indonesia services were influenced by Content Creation, Content Sharing, Connecting, and Community Building with a 52.4 percent contribution, as measured by the Adjusted R Square value. Meanwhile, the rest is influenced by factors outside of this study. As a result, the findings of this study indicate that all variables from Social Media Marketing have a significant effect on the Purchase Decision Structure when considered together. This means that PT. Kereta Api Indonesia's Social Media Marketing is already good, and if the company gets closer to consumers, it can improve Social Media Marketing even more, which can improve the Consumer Purchase Decision Structure for PT. Kereta Api Indonesia's products and services.

Table 2 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error if the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.735a</td>
<td>.540</td>
<td>.524</td>
<td>138.824</td>
</tr>
</tbody>
</table>

a. Predictors : (Constant), X4, X1, X2, X3
b. Dependent Variable : Y

The findings of this study support [12] assertion that social media marketing impacts purchasing decisions by allowing the public to provide online reviews that can influence people's thinking when making purchasing decisions for a product or service. Furthermore, the findings of this study back up [24] claim that Social Media Marketing has a significant impact on purchasing decisions. There are several differences between this study and the previous one, including the fact that in this study, Social Media Marketing is used as a concept with variables such as Content Creation, Content Sharing, Connecting, and Community Building. Regression analysis result show by Table 3

Table 3 Regression Analysis Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constants)</td>
<td>2.442</td>
<td>.943</td>
<td>2.589</td>
<td>.011</td>
</tr>
<tr>
<td>X1</td>
<td>.392</td>
<td>.118</td>
<td>.282</td>
<td>2.332</td>
</tr>
<tr>
<td>X2</td>
<td>.320</td>
<td>.106</td>
<td>.232</td>
<td>3.020</td>
</tr>
<tr>
<td>X3</td>
<td>.292</td>
<td>.109</td>
<td>.248</td>
<td>2.676</td>
</tr>
<tr>
<td>X4</td>
<td>.237</td>
<td>.107</td>
<td>.180</td>
<td>2.218</td>
</tr>
</tbody>
</table>

3.3. Content Creation

Table 3 shows that Content Creation has a significant and positive effect on the Purchase Decision Structure, with a regression coefficient value of 0.392. This means that as the Purchase Decision Structure variable rises, so will the Content Creation variable. The Partial Test (t-test) results with a significance level of 5% or equivalent to 0.05 revealed the significance value of t (0.001) 0.05 with a t-value of 3.332. The result also concluded that the respondents that answered agree on the Content Creation variable are the majority. The exciting content provided
by PT. Kereta Api Indonesia's Instagram is sufficient to make the findings of this study significant.

3.4. Content Sharing

According to the Multiple Linear Analysis Test result in table 3, Content Sharing has a significant and positive effect on the Purchase Decision Structure, with a regression coefficient value of 0.320. This means that as the Purchase Decision Structure variable rises, so will the content Sharing variable. The partial test (t-test) results with a significance level of 5% or equivalent to 0.05 showed a significance value of t (0.003) 0.05 with a t-count value of 3.020. Furthermore, it was discovered that respondents who agreed on the Content Sharing variable were in the majority. The content sharing is carried out by PT. Kereta Api Indonesia's Instagram by providing images that attract the attention of online viewers and strengthen brand awareness, resulting in significant results in this study.

3.5. Connecting

The results in table 3 show that Connecting has a significant and positive effect on the Purchase Decision Structure, with a regression coefficient value of 0.292. This means that as the Connecting variable rises, so will the Purchase Decision Structure variable. The partial test results (t-test) with a significance level of 5% or 0.05 revealed the significance value of t (0.009) 0.05 with a t-count value of 2.676. It also discovered that respondents who agreed on the Connecting variable were in the majority. It was demonstrated that PT. Kereta Api Indonesia has used Instagram to meet more people with similar interests, and the relationship between online viewers and one another causes the Connecting variable results to be significant.

3.6. Community Building

Table 3 also shows that Community Building has a significant and positive effect on the Purchase Decision Structure, with a regression coefficient value of 0.237.

This means that if the Community Building variable rises, the Purchase Decision Structure variable may also rise. The partial test results (t-test) with a significance level of 5% or 0.05 revealed a significance value of t (0.029) 0.05 with a t-count value of 2.218. It was discovered that respondents who agreed on the Community Building variable were in the majority. The influence of online viewers on one another and the fulfillment of the physical needs of online viewers through the existence of Community Building contribute to the significance of the findings in this study.

4. CONCLUSIONS

From this research, it can be concluded that all four variables impact consumer purchase decisions, especially on train service users in Indonesia. Further researchers can expand this research by increasing the number of respondents to ensure more accurate results, examining other variables that can influence consumer purchasing decisions, and examining other more interesting research objects.

REFERENCES


Marketing Communication for Fintech – Mobile Payment

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3 Universitas Pendidikan Indonesia
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ABSTRACT
The research aimed at observing and identifying the difference between female and male perspectives on Indonesian two most popular fintech platforms' Marketing Communication, and identifying the effectiveness of events and experiences marketing, public relations, and personal selling carried out. The quantitative research analyzed the difference of 204 reactions of female and male users of both platforms to their performed marketing communications. The results showed that female users slightly appreciate marketing communications performed by the two platforms more than male users because men were skeptical about the goodness or expected quality. The three marketing communications were found plausible to the users and working properly as the platforms expected. Additionally, personal selling was the most effective tool based on female and male perspectives though the others were outstanding in building a good image. This means both platforms genuinely obtain good reactions from both users' perspectives.

Keywords: Marketing Communication, Fintech, Mobile Payment.

1. INTRODUCTION

Financial Technology (FinTech) is one of the most interesting parts of financial advancement in this digital era. FinTech is considered to be a strong reason why financial inclusion in Indonesia gradually increases. FinTech is perceived as highly significant in increasing the usage level. For the record, Daily Social Indonesia Tech Startup Report revealed that the number of users of FinTech increases 78 percent per year. Moreover, from February to December of 2018, they recorded up to 47 trillion rupiahs of FinTech transactions. The Association of FinTech Indonesia (AFTECH) recorded that in 2016 there were only 6 FinTech platforms; till then, in 2019, there were 250 operating FinTech platforms.

On the other side, as time and e-commerce in Indonesia move on, various FinTech platforms exist in Indonesia. One of the most favorable FinTech is none other than the electronic wallet (e-wallet). In implementing an e-wallet, people are favorably attracted by the advantages provided by the features. The features provide facilities and integration to some companies and platforms, especially in terms of payment methods or transactions.

Among competitions made by e-wallet FinTech platforms in Indonesia where marketing communications reckoned, OVO and Go-Pay are considered the two best FinTech platforms in Indonesia. They are significantly massive in sales promotion and are strong in communicating about their product and brand. Their frequencies in advertising are plausibly high with the affiliation to some products and brands that make them even more recognized. These two well-known platforms are dominant in every sector of e-wallet functions. According to Techonesia’s survey in 2019, OVO and Go-Pay are the most used platforms for digital payments, retail transactions, online transportation services, e-commerce transactions, food delivery, and bill payment. This shows that both are the favorites in the e-wallet sector.

Marketing communication has become the executor in marketing to gain profits and pull thousands or even millions of users into a platform's hands. Marketing communications are almost in every medium and form has risen and developed, and some consumers feel that every form of this marketing communication is rapidly invasive to them [1]. In other words, marketing communications focus on methods, processes, means,
perceptions, and actions from the audience (consumers and organization) who deal with the presentation, consideration, and actions affiliated to the product, service, and brand [2].

Speaking of the audience’s actions and consideration, IPSOS’s Survey [3] spotted that females and males have different ways and tendencies to use digital transactions for their daily life. This means they have their perspective in responding to their actions by the marketing communications of some products and FinTech. FinTech's dynamic development has changed how users react. The reactions of the two perspectives could probably depend on how the communications are given by the e-wallet that makes them use it [4].

Events and experiences, public relations and publicity, and personal selling are three kinds of marketing communications that subconsciously generate and persuade people to make a move and use FinTech. The front three have their powers, functions, and integration to attract people to FinTech platforms. Events and experiences create and mingle with users' lifestyles while public relations and publication strengthen the credibility of a platform and when personal selling attempts to make sure people consume product directly and to adapt with localities [5; 6; 7].

The paper aimed at introducing the aspects of how transformational marketing goes not only from what digital marketing has brought a new style of marketing but also on how direct style of marketing could impact, mingle, and be integrated with technological advancement. The study is proposed to investigate the difference between the two perspectives on OVO and Go-pay's marketing communication tools (events and experience marketing, public relations and publicity, and personal selling) and to observe the most effective marketing communication tool among them

2. METHODS

This study aimed to investigate the differences between female and male thoughts on events and experiences marketing, public relations and publicity, and personal selling. Through a quantitative approach, the study used non-probability sampling and took place in Karawang Regency, West Java. The non-probability focus was accidental sampling which means those who were coincidentally become samples without any characteristics, filters, or decent parameters were valid in determining samples as long as they are users of OVO and Go-Pay [8]. A total of 204 responses consisting of 102 female and 102 male participants aged from 18 to 50s were collected and used for data analysis.

Table 1. shows that all constructs and measures were processed and analyzed using difference tests and descriptive analysis. The difference tests were done in two ways, t-test and z test. The samples were above 30, and the researchers used the z test to investigate the difference to resolve the hypothesis testing. The tests will be done in two phases. First, the data were tested using a percentage difference test. Secondly, the data were processed into a mean difference test which included scale calculation to validate or ensure the result [9]. After the significant difference was found in the data, the researcher used another difference test formula that focused on means to validate the difference to answer the hypothesis.

The constructs in the survey were modified from related studies previously. Five sections were included in the questionnaire show by table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimensions</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Events and Experiences</td>
<td>1. Relevant</td>
<td>Time Relevance</td>
</tr>
<tr>
<td></td>
<td>2. Engaging</td>
<td>Impression</td>
</tr>
<tr>
<td></td>
<td>3. Implicit</td>
<td>Credibility</td>
</tr>
<tr>
<td>Public Relations and Publicity</td>
<td>1. High Credibility</td>
<td>Bona Fide Information</td>
</tr>
<tr>
<td></td>
<td>2. Ability to Reach Hard-to-find Buyers</td>
<td>Remotes Coverage</td>
</tr>
<tr>
<td></td>
<td>3. Dramatization</td>
<td>Platform Advocate</td>
</tr>
<tr>
<td>Personal Selling</td>
<td>1. Customized</td>
<td>Requested Information</td>
</tr>
<tr>
<td></td>
<td>2. Relationship-oriented</td>
<td>Relationship Lookout</td>
</tr>
<tr>
<td></td>
<td>3. Response-oriented</td>
<td>Personal-Choice Influencer</td>
</tr>
</tbody>
</table>

Source: [1]

After the difference tests were validated, the researcher emphasized the description of each variable with descriptive analysis. Descriptive analysis of variable data in research includes description output through mean, standard deviation, and score range.
3. RESULTS AND DISCUSSION

To investigate whether there is a significant difference between two perspectives on OVO and Go-Pay perspectives, the researchers calculate comprehensive percentage difference test show by Table 2.

Table 2. Percentage Difference Test

<table>
<thead>
<tr>
<th>No</th>
<th>Measures</th>
<th>z</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Time Relevance</td>
<td>2.015</td>
<td>Significant</td>
</tr>
<tr>
<td>2</td>
<td>Costumers’ Interest</td>
<td>2.252</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Impression</td>
<td>1.718</td>
<td>Insignificant</td>
</tr>
<tr>
<td>4</td>
<td>Customer Involvement</td>
<td>2.249</td>
<td>Significant</td>
</tr>
<tr>
<td>5</td>
<td>Event Attractiveness</td>
<td>1.470</td>
<td>Insignificant</td>
</tr>
<tr>
<td>6</td>
<td>Affordable Fee</td>
<td>1.402</td>
<td>Insignificant</td>
</tr>
<tr>
<td>7</td>
<td>Unconscious Sales</td>
<td>1.774</td>
<td>Insignificant</td>
</tr>
<tr>
<td>8</td>
<td>Product Guidance</td>
<td>1.906</td>
<td>Insignificant</td>
</tr>
<tr>
<td>9</td>
<td>Bona Fide Information</td>
<td>1.971</td>
<td>Significant</td>
</tr>
<tr>
<td>10</td>
<td>Credibility</td>
<td>1.785</td>
<td>Insignificant</td>
</tr>
<tr>
<td>11</td>
<td>Remotes Coverage</td>
<td>1.126</td>
<td>Insignificant</td>
</tr>
<tr>
<td>12</td>
<td>Passives Persuasion</td>
<td>1.988</td>
<td>Significant</td>
</tr>
<tr>
<td>13</td>
<td>Platform Advocate</td>
<td>1.705</td>
<td>Insignificant</td>
</tr>
<tr>
<td>14</td>
<td>Image Boost</td>
<td>1.788</td>
<td>Insignificant</td>
</tr>
<tr>
<td>15</td>
<td>Requested Information</td>
<td>2.533</td>
<td>Significant</td>
</tr>
<tr>
<td>16</td>
<td>Response Openness</td>
<td>1.846</td>
<td>Insignificant</td>
</tr>
<tr>
<td>17</td>
<td>Relationship Lookout</td>
<td>1.793</td>
<td>Insignificant</td>
</tr>
<tr>
<td>18</td>
<td>Relationship Boost</td>
<td>1.863</td>
<td>Insignificant</td>
</tr>
<tr>
<td>19</td>
<td>Personal-Choice Influencer</td>
<td>2.007</td>
<td>Significant</td>
</tr>
<tr>
<td>20</td>
<td>Attractive Information</td>
<td>1.885</td>
<td>Insignificant</td>
</tr>
<tr>
<td></td>
<td>Overall</td>
<td>1.843</td>
<td>Insignificant</td>
</tr>
</tbody>
</table>

Based on Table 2 above, with a 95% confidence level, the standard of z was 1.96. The percentage difference test described in table 2 showed that people were relatively similar to some point, but then some users were genuinely different in reacting to how the marketing communication goes. Some measures and the overall were found insignificant, meaning that the difference pattern was hardly found in the front three. In order to validate the result, the researchers put the data to the second test, which is the difference test of means, show by Table 3.

Table 3. Mean Difference Test

<table>
<thead>
<tr>
<th>No</th>
<th>Measures</th>
<th>z</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Time Relevance</td>
<td>4.79</td>
<td>Significant</td>
</tr>
<tr>
<td>2</td>
<td>Costumers’ Interest</td>
<td>5.68</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Impression</td>
<td>4.77</td>
<td>Significant</td>
</tr>
<tr>
<td>4</td>
<td>Customer Involvement</td>
<td>5.86</td>
<td>Significant</td>
</tr>
<tr>
<td>5</td>
<td>Event Attractiveness</td>
<td>3.64</td>
<td>Significant</td>
</tr>
<tr>
<td>6</td>
<td>Affordable Fee</td>
<td>3.71</td>
<td>Significant</td>
</tr>
</tbody>
</table>

As table 3 shows, the data were significantly found different. The z count was higher than the standardized z for this case which was 1.96. The most significant difference found in the two perspectives was how people react to personal selling enforced by the two platforms in giving requested information. It means that there was a big difference, inconsistency, or even fluctuation in personal selling methods both in two perspectives and giving requested information. With this output, the null hypothesis was rejected; thus, the alternative is accepted, meaning the significant difference did exist.

In order to investigate the effectiveness of the two platforms based on the female and male perspectives, the researchers put descriptive analysis as a statistical tool to measure it show by Table 4.

Table 4. Descriptive Statistics Analysis

<table>
<thead>
<tr>
<th>No</th>
<th>Measures</th>
<th>Female Score</th>
<th>Male Score</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Time Relevance</td>
<td>391.5</td>
<td>375.5</td>
<td>383.50</td>
</tr>
<tr>
<td>2</td>
<td>Costumers’ Interest</td>
<td>378.00</td>
<td>349.50</td>
<td>363.75</td>
</tr>
<tr>
<td>3</td>
<td>Impression</td>
<td>357.00</td>
<td>341.50</td>
<td>349.25</td>
</tr>
<tr>
<td>4</td>
<td>Customer Involvement</td>
<td>381.00</td>
<td>353.00</td>
<td>367.00</td>
</tr>
<tr>
<td>5</td>
<td>Event Attractiveness</td>
<td>342.00</td>
<td>331.00</td>
<td>336.50</td>
</tr>
<tr>
<td>6</td>
<td>Affordable Fee</td>
<td>340.00</td>
<td>330.00</td>
<td>335.00</td>
</tr>
<tr>
<td>7</td>
<td>Unconscious Sales</td>
<td>351.50</td>
<td>330.50</td>
<td>341.00</td>
</tr>
<tr>
<td>8</td>
<td>Product Guidance</td>
<td>365.50</td>
<td>343.50</td>
<td>354.50</td>
</tr>
<tr>
<td>9</td>
<td>Bona Fide Information</td>
<td>375.00</td>
<td>354.00</td>
<td>364.50</td>
</tr>
</tbody>
</table>
As a matter of fact, from the calculation, it was found that time relevance of events and experiences had the highest score among them. On the other hand, personal selling collectively became the most effective tool at later stages of the buying process, particularly in buyer preference, conviction, and action [1]. Relationship lookout from the notable quality of relationship orientation had the strongest quality/acknowledgment from the other personal selling measures. Concentration became key to success for a salesperson in treatment maintenance, customer care, and post-sales service. The way salespersons of OVO and Go-Pay did was considered outstanding in concentration; hence, they can convert their hard work and concentration to users/loyalty coming from the users, mostly taking place around the stand area in hyper and supermarket [10].

The results show that personal selling becomes the most plausible marketing communication compared to events, experiences, and public relations. Additionally, personal selling was the most effective tool at later stages of the buying process, particularly in buyer preference, conviction, and action [1]. Relationship lookout from the notable quality of relationship orientation had the strongest quality/acknowledgment from the other personal selling measures. Concentration became key to success for a salesperson in treatment maintenance, customer care, and post-sales service. The way salespersons of OVO and Go-Pay did was considered outstanding in concentration; hence, they can convert their hard work and concentration to users/loyalty coming from the users, mostly taking place around the stand area in hyper and supermarket [10].

4. CONCLUSIONS

The reactions and responses made by users were different according to their gender. It was sometimes not obvious, but for the intensity, it was clear that they had significant differences. The treatment from the platforms on and off depends on the users’ identity. Moreover, both perspectives agreed that time relevance had the strongest effectiveness that builds events and experiences, among other measures in this research. The result spotted that personal selling collectively became the most effective tool among the front three. This was caused by how salesforce's concentration and seriousness in intensity persuade and mingle with users to make such a strong relationship. Thus, in conclusion, the marketing communications of both fintech platforms were working in line with users’ expectations. This means both

| 10 | Credibility | 363.00 | 345.50 | 354.25 |
| 11 | Remotes Coverage | 317.00 | 313.50 | 315.25 |
| 12 | Passives Persuasion | 361.00 | 334.00 | 347.50 |
| 13 | Platform Advocate | 369.50 | 357.50 | 363.50 |
| 14 | Image Boost | 375.00 | 360.50 | 367.75 |

**Personal Selling**

| 15 | Requested Information | 386.50 | 350.50 | 368.50 |
| 16 | Response Openness | 369.00 | 352.50 | 360.75 |
| 17 | Relationship Lookout | 376.00 | 363.00 | 369.50 |
| 18 | Relationship Boost | 375.50 | 359.50 | 367.50 |
| 19 | Personal-Choice Influencer | 371.00 | 349.00 | 360.00 |
| 20 | Attractive Information | 375.50 | 358.50 | 367.00 |

**Overall** 366.03, 347.63, 356.83

From Table 4, it could be concluded that the average measure score was ranged from 383.5 to 315.25. This means almost every measure was in good criteria. It was a positive sign that the front three substantially affected users’ side. Furthermore, this can be seen in variable overalls that showed quite an exquisite pattern on the three tools.

Despite the total or averages, mixed opinions were found on how users react to the strategy performed by these two best fintech platforms in Indonesia. Male users have a little bit different thoughts than females. In all measures, their scores were ranged from 375.5 to 313.5. This meant that some of the measures were considered not plausibly good. The fact fluctuation score given by men showed that they were skeptical about the goodness or expected quality.

As a matter of fact, from the calculation, it was found that time relevance of events and experiences had the highest score among them. On the other hand, personal selling collectively had the highest overall score for a variable. This means that it is quite a fact that 2 of the tools show a good indication, yet the other tool is in a good pattern as well.

There were significant differences from female and male perspectives in reacting to marketing communications performed by the platforms. The results indicated that buying/using behavior mostly depends on the user's gender. The pattern shown by marketing communications broadly depends on the analysis/insights of its users with different characteristics, particularly in gender and behaviors [10].

Fintech platforms, such as OVO and Go-Pay, were favorably massive in using events and experience, public relations and publicity, and personal selling. The findings found that events and experiences from both perspectives were considered good in performance. Moreover, time relevance became the most substantial implication to the users in 20 measures. Relevance in an individual's moment in his life through sponsored events and experience can broaden and deepen a platform's brand or their relationship with the target market. This means that both platforms focus on it to ensure that the users have a strong relationship through the events such as seminars or webinars, training, or other forms of events done by both platforms [1].

On the other side, public relations and publicity were likewise considered good in performance. This means that the approach done by the public relations officer, the publication, and the online publication were in line with users' expectations. For the record, image boost as a part of dramatization became the strongest quality than the other measures in the tool. It is clear that public relations were designed to spread information where it was meant for editorial purposes and to make an exposure by introducing products, brands, or even platforms [2].
platforms genuinely obtain good reactions from both users' perspectives.

ACKNOWLEDGMENT

We would like to express our gratitude to the Research Department in Universitas Singaperbangsa Karawang and Universitas Pendidikan Indonesia for supporting this research and appreciation for the reviewer on this paper.

REFERENCES


The Analysis of the Cinema Industry in Facing Demand and Capacity Problem During the COVID 19 Pandemic

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ABSTRACT

This study aims at describing the implementation of demand and production capacity in the cinema industry during the COVID-19 pandemic. Recently, Indonesia has been experiencing an economic crisis due to the COVID-19 pandemic, which has caused businesses in Indonesia to weaken and even fall. With uncertainty and increasingly fierce competition, companies in every industry must think of various appropriate steps and strategies to face the competition. One of them is the cinema entertainment industry which has experienced a drastic decline. The challenge that managers must face is adjusting the amount of capacity offered with the number of consumer demands based on daily operations in an unstable environment; thus, the company must think about how to meet the capacity to remain profitable. In this way, this research can describe how cinemas, especially CINEMA XXI, deal with demand and capacity. The type of research method applied was descriptive research with a qualitative approach. The source used several opinions from customers to find out the marketing strategy at one of the cinemas. The results showed that Cinema XXI, at the same time, has to face the crisis period and maintain consumer satisfaction in strictly limited conditions due to the social distancing regulation. Not only CINEMA XXI, but companies in other service sectors are also experiencing changes in conditions. In maintaining its daily operations, CINEMA XXI continues to carry out its activities by following the government regulations and implementing strict health protocols. In addition to showing films, the company provides food delivery services available at Café XXI and rents out theater rooms with certain conditions and requirements based on government regulations.

Keywords: Demand, Production Capacity, Cinema Industry, COVID-19.

1. INTRODUCTION

The body text starts with a standard first-level in adjusting the amount of capacity offered by the company with the number of consumer demands based on daily operations in an ever-changing environment. After determining the amount of a particular business capacity, the company must consider how to fulfill that capacity to remain profitable (profitable). The content or material is related to the challenges that must be faced in adjusting the amount of capacity offered by the company with the number of consumer demands based on daily operations in an ever-changing environment.

In recent years, Indonesia has experienced an economic crisis due to the COVID-19 pandemic, which caused the collapse of businesses in Indonesia. With uncertainty and increasingly fierce competition, companies must think of various steps and appropriate strategies to face the competition. One of them is a service company, namely the cinema entertainment industry, which has experienced a drastic decline.

The impact of the crisis has caused many people to experience boredom and high stress levels due to their daily routines that require them to work hard to improve their lives. This makes many people look for entertainment to forget and get rid of boredom from their daily activities, and they hope that the particular type of entertainment can be the way. Many people go through their days feeling empty and that nothing is going right apart from their hard work, but if those feelings persist
for a few days or even weeks, they may have a more significant problem: job burnout (work fatigue).

The progress of the global economy today and many entertainment needs have driven growth in the service sector. Many business opportunities are currently emerging in this sector [1]. With a variety of product choices and price offers provided with good and attractive facilities are the main things that companies must consider to satisfy customer desires. Satisfying customers is a good defense to beat the competition. A successful company will get loyalty from customers who will not be teased by anything as long as the company can provide customer satisfaction and trust. Many companies today count customer satisfaction as a guarantee of future success. However, loyalty is a more precise tool for predicting sales and financial growth [2].

One of the service businesses in entertainment that is currently quite promising is cinema. Cinema is also one of the companies engaged in entertainment services where this place is designed so that the audience can enjoy what is created in that place; therefore, they can forget the hustle and bustle of their daily routines.

Cinema is one of the places consumers visit to gather and enjoy entertainment in the form of films as desired. Figure 1 show number of screens and cinema in Indonesia 2020

![Number of Screens and Cinemas in Indonesia](image)

Source: [2]

**Figure 1.** Number of Screens and Cinemas in Indonesia 2020

Based on the data in Figure 1, the national film industry is one of those operating during the Covid-19 pandemic. According to filmindonesia.or.id (FI), the growth rate of screens and reports in 2020 only rose 1.7% to 2,145 screens and cinemas increased by 1.8% to 517 cinemas. Previously, Indonesia's number of screens and cinemas had 1,330 screens and 313 cinemas in 2016. The highest growth in the number of screens and cinemas occurred in 2018. At that time, the film industry was able to add 17.8% screens and 19.8% cinemas, so there were 1,824 screens and 430 cinemas that year [3].

Recovery of the above problems is significant if the company does not want to stop or die. Service recovery is a significant determinant of customer satisfaction and loyalty. Maintaining relationships with dissatisfied customers by implementing an effective service recovery policy is the main focus of most customer retention. In essence, service recovery is an action taken by service providers to resolve problems arising from service failures to maintain customer good intentions [4].

Today, customers are no longer satisfied with a service that does not respect their rights. Consumers are used to the services provided by other goods and services industry players who place customer satisfaction as a top priority, where the actors in the other goods and service industries have implemented the concept of service excellent or superior service, namely an attitude or way of serving customers satisfactorily [5].

A service will be good if consumers are satisfied with the services provided, but if the service provided is awful, it is possible not to repeat it. Consumer satisfaction is a function of the product or service's performance and consumer expectations. Satisfaction is a function of perceived impressions of performance and expectations. If the performance is below expectations, the consumer is satisfied. If performance exceeds expectations, consumers are very satisfied or happy [6].

Excess demand is the demand for a service at any point that exceeds the company's ability to meet customer needs. Excess capacity is the firm's capacity to create service outputs that are not fully utilized. Maximum capacity is the maximum limit of the company's ability to meet customer demands at a specific time. Optimum capacity is the point at which the company's efforts to serve additional customers will result in the perception of a decline in service quality. Productive capacity is the extent to which facilities, equipment, labor, infrastructure, and other assets are available to certain companies to produce output for customers [5].

The problem that often arises is that the demand and expectations of consumers are not matched, or the demand and capacity of the services provided are not balanced, or the demand is at the maximum customary optimum. Therefore, many things need to be considered in providing services, such as product elements, place and time, promotion and education, price and service costs, process, productivity and quality, people, and physical evidence.

Cinema service users since this pandemic have experienced a very drastic decline; therefore, the entertainment industries, especially cinemas, must face it while still balancing the demand and the company's capacity for the company's sustainability to survive. Therefore, the researcher wants to find out how the
cinema industry company balances fluctuations in demand and capacity during the COVID 19 pandemic with the title “The Analysis of the Cinema Industry facing demand and capacity during the COVID 19 pandemic.”

A. Demand

Demand is the number of goods purchased or requested at a certain price and time. In contrast, the supply is a number of goods sold or offered at a certain price and time [4]. Law of Demand: “The lower the price level, the more the quantity of available goods is demanded, and conversely the higher the price level, the less the quantity of goods that are willing to be demanded.” Capacity is the level of the optimum production capability of a facility, usually expressed as the amount of output in a certain period [4].

B. Production Capacity

According to [4], it refers to resources or assets that a company can use to create goods and services or support service processes. In the context of services, production capacity can be:

- Physical facilities that are designed to accommodate customers. Example: Hotel (bed, room), Passenger Plane (chair), clinic, campus.
- Physical facilities that are designed to store or process goods that are their property or offered to them for sale. Example: Warehouse (storage of assets), parking lots, freight/luggage cars (trains, planes).
- Physical facilities that are designed to facilitate or support service processes or human service processes, ownership, or information that can cover a variety of goods and in situation-specific. If the demand is insufficient, it will disrupt the service. Examples: Bank ATMs, chairs in offices, chairs in lectures, security detection devices at airports, toll gates, etc.
- Skill-based workforce or professional services personnel create high added value and information-based output. Labor is a critical element of production capacity in all high-contact services and many low-contact services. For example, Chef, restaurant waiter, midwife, call center staff.
- Infrastructure. Many organizations depend on access to adequate capacity, both public and private infrastructure, to deliver quality services to their customers. Examples of capacity problems are congested flight paths, toll congestion, power outages, etc.

C. From Over Demand To Over Capacity

According to [4], the inability to store services when combined with fluctuations in demand causes several combinations in the service sector. At any time, a service that has fixed capacity may encounter one of the following four conditions:

1. Over Demand
   Relative to capacity at any given time (demand far exceeds maximum capacity, not met all, missed opportunities)

2. Demand Exceeds Optimum Capacity
   The upper limit of the company's ability to meet demand at a particular time (demand exceeds the optimum capacity, it is fulfilled, but there is a decrease in quality)

3. Balanced supply and demand at an optimum quality level
   Decreases when more customers are served (demand is under optimum capacity, fulfilled, and has not decreased in quality)

4. Overcapacity
   Excess capacity relative to demand at any given time (capacity far exceeds demand, wasted resources)

D. Difference between Ideal Capacity and Maximum Capacity

According to [4], the difference between ideal capacity and maximum capacity:

- Optimum capacity is when supply and demand are balanced, meaning that the company's facilities and assets are not overloaded, and customers receive good service without any delays.
- Maximum capacity is the maximum capacity of the company to meet customer demand at a particular time. An example where the two are different is the situation of a cafe in a packed condition. Employees are in a hurry to serve, so there is a possibility of making mistakes or orders arriving late.
- Another example is when someone is in a football match. The stadium is full of spectators (maximum capacity), and players feel the supporters' stimulus as encouragement (ideal capacity).

There are two approaches to dealing with fluctuating demand [4] :

1. Set the capacity levels to meet demand variations. The company must understand production capacity and its variations as it increases gradually (understand productive capacity, keep customers at that capacity)
2. Manage demand levels by using marketing strategies to reduce fluctuations resulting in a more consistent flow of service requests. Use a marketing strategy to shift peaks to lows (move excess in peaks to shortfalls in valleys)
Effective use of capacity is one of the keys to success. Not using capacity as much as possible but as productive as possible but not threatening service quality and eroding customer experience.

2. METHODS

This research was descriptive research with a qualitative approach. According to [7] defines descriptive research as a method of examining the status of a human group, an object, a condition, a system of thought, or a class of events in the present that aims to make descriptive, systematic, fluctuating, and accurate descriptions, images or paintings about facts and the relationship between the phenomena under investigation.

The source of data used in this study was secondary data. According to [8], secondary data is data or information obtained indirectly from public research objects. Observation is the selection, modification, recording, and coding of a series of behaviors and conditions that are pleasing to natural situations or under empirical goals [9]. The source uses several opinions from customers to find out the marketing strategy at one of the cinemas, namely CINEMA XXI, and other data sources used such as websites, books, and other printed evidence supporting the research results.

3. RESULTS AND DISCUSSION

Cinema XXI is under the auspices of PT Nusantara Sejahtera Raya or operates as Cineplex. 21 Group is a pioneer of the cineplex network, the largest cinema group in Indonesia, established in 1987. As of January 2021, Cinema XXI has presented 1,195 screens in 221 cinema locations spread across fifty-two cities in Indonesia and will continue to grow to achieve the target of 2,000 screens in the next five years. In dealing with both the pandemic and normal times, CINEMA XXI, in particular, manages demand and production capacity as follows:

Cinema XXI's efforts in dealing with fluctuating consumer (audience) demand

1. Efforts to Use Effective Productive Capacity

- Physical facilities designed to accommodate customers (Cinema Building, Theater Room)
- Physical facilities for storing or processing goods owned by customers or offered to customers for sale, such as ticket sales counters, counters selling food and beverages at Cinema XXI
- Physical equipment is used to process people's property information, such as tickets, computers, chairs, big screens, sound systems.
- Workforce, staff or employees who serve ticket sales for Cinema XXI, officers who serve when entering the theater room, XXI security officers, employees who sell food and drinks at Cinema XXI.
- Infrastructure, electrical power used for Cinema XXI.

2. CINEMA XXI is in Excess Demand

- Theater Room Capacity Level Adjustment

In the cinema entertainment industry, especially Cinema XXI, when the place to sit is continuously filled, it is advantageous for the company, while the audience needs are fulfilled and show enthusiasm and participation. Results of the end are the experience that is satisfactory for all parties. Conditions that describe the capacity of optimum and maximum capacity are met. For example, Cinema XXI Ciwalk plays one type of film by opening three theater rooms with five showtimes, while Cinema XXI TSM opens two theater rooms with three showtimes. The demand from viewers of Cinema XXI Ciwalk is higher than the audience at Cinema XXI TSM; thus, the availability of main facilities is well considered.

- CINEMA XXI Creating Capacity According to Segments

The demand from the audience to watch the movies is influenced by time in a day (morning, afternoon, evening, or late at night), two periods of the day in a week (weekdays and weekend), three periods of the season (desolate, moderate, holidays). Based on the demand pattern, Cinema XXI can create flexible capacity. In the usual instance for types of films A, XXI open the theater with little hours of running, because, during these days, regular customers tend to be busy with their daily routine, such as school, classes, work, and usually watch it in the afternoon until the evening day. At the end of the weekend, Cinema XXI opened more than two theaters with more hours of view.

3. Demand Exceeds Optimum Capacity (Long Queue / Full)

- If the service is offline, a notification from ticket XXI that the available capacity is not sufficient will reduce the queue at the ticket purchase counter.
- Thus, the ticket purchasing service through the online application will immediately show that the available capacity is full or the tickets are sold out.
- By providing another alternative, watching in theaters located in the company with XII, for example, The Premiere.
- Utilizing adequate capacity but low demand to balance it with excess but inadequate demand or by conducting an inventory with a reservation system so that consumers shift to the off-peak period.
Perform self-service using online booking facilities and print tickets on a printing machine.

4. Balanced supply and demand - at optimum capacity level (Normal)

- Provide ticket purchase services through online applications. In addition to making it easier for consumers, it also prevents long queues that threaten service quality.
- Consumers receive appropriate service. Employee productivity is also effective. For example, when the condition of the premiere of a Hollywood film or a local film is launched.
- Overcapacity-demand is below optimum capacity, and productive resources are not fully utilized.

5. Overcapacity-demand is below optimum capacity, and productive resources are not fully utilized.

- The COVID-19 pandemic period is one of the conditions for low productivity for CINEMA XXI.
- The XXI party carries out a ticket purchase discount promo to keep resources productive and comply with health protocols.
- Cinema XXI opens service innovations when cinemas cannot get permission to show due to regulations during COVID-19.
- "Dapur XXI" is the latest service from Cinema XXI to provide food and beverage services to Cinema XXI loyal consumers.
- "Dapur XXI" prioritizes food delivery service (delivery order) for consumers. So consumers do not have to bother coming to the cinema.

4. CONCLUSIONS

In recent years, Indonesia has experienced an economic crisis because it was faced with the COVID-19 pandemic, which caused businesses in Indonesia to weaken and even fall. Cinema XXI also has to face this crisis period and maintain customer satisfaction in conditions that require physical distancing due to government regulations. Whether in normal conditions or during the pandemic, CINEMA XXI has a way to balance demand and production capacity to maintain its company. This way is through the existing physical facilities, demand, and a balanced production capacity.

REFERENCES

Ed-tech as Cyber Brand: Winning in Service Market

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ABSTRACT
The purpose of this study is to analyze the branding activities carried out by Ruangguru as a cyber brand and the challenges of managing people for service advantage in winning an e-course in the service market so that they can face the digital industrial revolution 4.0 in Indonesia. A qualitative method with an analytical descriptive study approach was employed as the research method. Meanwhile, online observation and documentation carried out the data collection techniques. The location in this research was PT. Ruang Raya Indonesia (Ruangguru). The research results showed that in developing human resources for educational services, it is necessary to pay attention to how to place the right people in their fields, "the right man, in the right place", develop employees so that they can deliver educational services well, provide the best facilities to support the process in educational services, retain the best employees, and reward all employee and student achievements. Therefore, managers need to pay attention to the factors driving service excellence. Good brand equity will show that Ruangguru can build trust by providing good service quality and customer loyalty. The selection of the exemplary brand ambassador and relationship equity showed that Ruangguru formed an online student com-munity throughout Indonesia.

Keywords: Managing People For Service Advantage, Customer Equity, Brand Equity, Value Equity, dan Relationship Equity.

1. INTRODUCTION

Customers are the main focus of the company in the marketing function. Customers are broad and very dependent on the type of industry and its company. Some customers can have several products for several different segments. This requires the company to continue to be adaptive in the face of these conditions.

The Vuca era is identical to the use of technology that can disrupt the company's business way. This is characterized by the appearance of a digital-based pilot business known as Startup. With services provided easily, cheaply, and quickly to the community, startups become challenges and opportunities for companies. The challenge occurs when the attendance of startups erodes the company's market share potential by offering services that substitute the current products and services of the company.

On the other hand, the development of digital technology opens opportunities for companies to collaborate with the startup in overcoming business problems, expanding the market, increasing productivity, to winning a business competition. This is characterized by the emergence of various products and services of Education Technology. The presence of various ed-tech products is expected to solve various educational problems that have not been completed in this country. Indonesia also has many ed-tech brands.

On the other hand, the development of digital technology opens opportunities for companies to collaborate with the startup in overcoming business problems, expanding the market, increasing productivity, to winning a business competition. This is characterized by the emergence of various products and services of Education Technology. The presence of various ed-tech products is expected to solve various educational problems that have not been completed in this country. Indonesia also has many ed-tech brands.

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One of the startups that utilize this opportunity is Ruangguru. Ruangguru is a Technology-Based startup that helps various stakeholders in education, such as teachers, students, the central and regional governments, and parents of students to interact in a comprehensive digital platform. The Ed-tech Learning Management
System (LMS) service model is different from E-Learning. LMS is designed to help plan learning activities. The following is the user data of Ruangguru Online:

Figure 1. Ruangguru User from 2014-2020

Figure 1 shows that Ruangguru users from 2014-2020 have increased. Therefore, Ruangguru is predicted to be the startup of Ed-tech Indonesia which will become a unicorn candidate. Indeed, Ed-tech's startup trip in achieving Unicorn status is not as easy as a startup engaged in transportation and e-commerce. However, the Minister of Communication and Information (Menkominfo) Rudiantara said that a company engaged in the education sector could grow to become a unicorn because the allocation of government expenditure in the education sector reached 20% of the APBN expenditure allocation [2].

Indonesia is currently facing industrial 4.0 and digital transformation. Both of these can open opportunities on Ed-tech. To deal with the Industrial Revolution 4.0 and the Covid-19 Pandemic in Indonesia today, the presence of various Ed-tech brands is indeed a high-use innovation. However, these ideas and innovations can be emulated by other parties to bring up a new rival in the Edtech industry, which makes Edtech brands fall into the Red Oceans business, which will be explained in the results and discussion section. Ruangguru was chosen as an Ed-tech brand analyzed in this study. The reasons for the election of Ruangguru were: First, It has a target for students' markets and Z-generation; Second, the form of services and products owned by Ruangguru are in the form of e-learning products; Third, Ruangguru is a famous Ed-tech brand from Indonesia which is ranked third top free on the App Store for Education category.

This consideration is critical for managers to carry out the proper management steps in managing the company's superiority. Of course, all with high-quality HR capabilities to gain trust from consumers.

Based on the phenomenon that has been described above, this study intends to analyze the activities of the branding that Ruangguru has carried out in winning the superiority of services in the service market.

2. METHODS

This study employed a qualitative method with a descriptive-analytic study approach as it is explained by [3] that a qualitative method is intended for getting more profound and more personal data. Qualitative methods can significantly influence the research substance. This means that the qualitative method directly presents the nature of relations between researchers and informants, objects, and research subjects. Qualitative research has specific characteristics that act as a guideline for researchers [4], such as:

1. Researchers act as the main instrument to come to the data source directly
2. The data collected in this study is more likely to be words rather than numbers
3. The results of the study emphasize more on the process and not solely to the results
4. Through inductive analysis, researchers revealed the meaning of the situation
5. This expresses meaning as an essential thing from a qualitative approach.

In this study, researchers acted as the primary research instrument (key instrument) who conducted the research process directly and actively gathered various materials related to branding activities carried out by Ruangguru as Edtech, which included Cyber Brand in winning the superiority of the service in the market service. The sample in this study was 100 respondents who used the Ruangguru application.

Data collection techniques were conducted by observation and documentation online following the government's regulation on physical distances during Pandemic Covid-19. Thus, researchers used information technology on the website, social media, and various news portals.

The implementation of this study was conducted for three months. The location in this study was PT. Ruang Raya Indonesia (Ruangguru).

3. RESULTS AND DISCUSSION

3.1. Building Customer Service

The main difference lies within its marketing strategy, where services are more required to provide optimal quality of customer service. Good customer service is understanding customers and always providing added value for the consumers. According to [5], important steps in developing customer service are:

• Setting service mission.
• Setting customer service goals.
3.2. Building Quality HR

According to [5], a company should seek the empowerment of HR through the following:

- Recruiting the right employees.
- Training employees well.
- Studying Consumers.
- Standardizing System in handling consumers.
- Being proactive.
- Routine Performance evaluation

3.3. Human Resource Strategy for Education Service

According to [6] in David Wijaya, an education institution should follow four primary strategies.

a) Hire the right employees
b) Develop employees to convey service quality
c) provide various supporting systems needed
d) Understand the best employees

In managing human resources in service companies, extra energy and a manager's leadership are needed to form employees who can work both in teams and individually. The manager must be selective during the recruitment process and understand how prospective service employees have more to offer than ordinary employees, particularly in communication, to form an excellent service. The manager should maintain and give rewards to employees who have performed well.

3.4. Application Subject

3.4.1. Building Customer Equity

Customer Equity is the total value of life for all company customers. Customer Equity results from customer relationship management (CRM). Rust, [7] distinguish three factors (drivers) that affect customer equity: value equity, brand, and relational.

1. Value Equity

EDTECH - The use of information and communication technology to provide education services - has promising potential to improve learning outcomes. In Indonesia, more than 530,000 schools are closed to reduce the spread of the Corona (Covid-19) virus.

Data from Google Trends shows that the term search for "learning from home" and similar terms experience a sharp surge - reflecting an increase in online education demand and remotely. Another indicator is a sharp increase in website traffic and downloading the leading ed-tech platform application since February 2020. In Indonesia, more than 530,000 schools are closed to reduce the spread of the Corona (Covid-19) virus. This impacts 68 million students from pre-school to college and increases the need for practical EDTECH. This situation forces the rapid and broad increase in the use of Edtech in this country, which is expected to have a sustainable effect on the market. Survey reason for Ruangguru show by Figure 2.

Source: [8]

Figure 2. Survey Reasons for Kegguna Ruangguru

Scalar variables and physical constants should be italicized, and a bold (non-italics) font should be used for vectors and matrices. Do not italicize subscripts unless they are variables. Equations should be either display (with a number in parentheses) or inline. Use the built-in Equation Editor or MathType to insert complex equations.

Figure 2 shows the results of the survey conducted by Ruangguru that 31.7% of the reasons for users to choose Ruangguru because they enjoy the learning methods and content owned by the Ruangguru application (ranging from elementary to high school level) is following the national curriculum and is explicitly designed by the best and experienced teachers. This increasing demand for online learning encourages massive growth for leading Edtech platforms in Indonesia. However, many students in the countryside do not have connectivity, and many low-income students do not have access to the device needed to use the EDTECH tool.

2. Brand Equity

The digital era has reduced the concept of Brand Equity as an E-Brand Equity [9]. E-Brand Equity is based on social media-based interactivity where companies can communicate brand messages to individuals and interact with consumers. Consumer interactivity is considered necessary in managing E-Brand Equity. Interactivity is a characteristic of the New Media defined by YOO (in [10]) as a degree of audience participation in a communication process in interacting with medium or
with other audiences through interactive features. The interactive feature can come from supporting features on the website platform or application owned by Cyber Brand itself and utilizing the interactivity of features on social media.

As a cyber brand whose products do not have a concrete form, the Edtech brand must certainly be able to take advantage of the potential possessed by social media optimally as one of the efforts to create a touchpoint brand with consumers. Here is a survey conducted by Similarweb.com on Edtech Online Tutoring Ruangguru.

Figure 3. shows that the appeal of consumers towards Ruangguru Online Tutoring services tends to increase every month in 2020.

Source: [11]

**Figure 3. Total Consumer Visits on the Ruangguru.com**

### 3. Relationship Equity

Relational equity is significant. It happens when customers tend to keep in touch with the suppliers entirely based on habits. Thus, Ruangguru formed an online community called RUANGGURU COMMUNITY. The appeal of consumers towards Ruangguru Online Tutoring services tends to increase every month in 2020 show by Figure 4, Figure 5, Figure 6.

**Figure 4. Ruangguru Community**

**Figure 5. Ruangguru Community**

**Figure 6. Ruangguru Community**

Based on Figure 4, Figure 5, and Figure 6 RUANGGURU COMMUNITY is a community formed by Ruangguru as a forum for exchanging ideas, discussions, expanding friendship networks, aimed at all members of the community who have the same vision and mission to improve the quality of education in Indonesia

### 3.5. Problem Solving

According to the Business Resilience Wheel released by Grant Thornton Indonesia in the first quarter of this year, funding was one of the startup strategies to stay in the pandemic period. The Edtech sector seemed to have executed this strategy quite well. This can be seen from many significant investments that have been injected into this sector and make the Covid-19 pandemic as the momentum of acceleration and evidence that the investment was rolled into the right sector. However, investors who invest funds in this sector need to consider risks accompanied by regulation, funding cycles, and how entities compete with competitors. Here are some strategies that Ruangguru can do in maintaining Customer Equity:
1. From the entity side, Ruangguru needs to run a strategy to survive by looking at ways to reduce costs, provide good teaching quality, and impact results. It is key to determining who the winner is in the long run and the growth and increasingly mature of the Edtech market in Indonesia.

2. Based on figure 7, as an effort made by Ruangguru in dealing with several obstacles such as the difficulty of internet access carried out by rural communities, Ruangguru published the book "Smart Solution" that includes the practice questions in the form of books that anyone can reach.

Source: [12]

**Figure 7. Smart Solution Book by Ruangguru**

3. Build a good online branding, among others:
   a. Find out what is desired and what is interesting for customers today, especially customers in cyberspace
   b. Create a brand that is easy to remember, writing or images that are not complicated and classy.
   c. The brand color reflects the vision of the company's mission and conformity with the products or services offered. The color of the website design should also be matched with this brand.
   d. Always provide information that is up to date and valuable for visitors
   e. Highlight the quality of the brand and brand power to be increasing by the customer
   f. Try to continue to keep the brand name and continue to innovate for the product and quality
   g. Brand size does not disturb the visitors when browsing, here are also do not choose a color that is too striking so that visitors are comfortable to linger on the website.
   h. Giving a unique name for each product is also a cyber branding that attracts visitors

4. The next challenge experienced by the Edtech brand is building perceived quality.

Brand Identity can also be determined based on the brand's functional benefits. Consumer perception of these benefits is related to the Perceived Quality of a brand [13]. Social media not only function in managing brand equity but can also cause a crisis to the brand. According to [14][15] define firestorms as the emergence of a sudden large number of messages containing negative WOM and complaints behavior towards someone, company, or group on social media networks. The trigger can be caused by failure to the product or service, which ultimately produces short-term and long-term negative consequences for con-sumer perceptions of the brand [15]. For this reason, the brand can anticipate this crisis by ensuring consumers always get a pleasant experience with the relevant brand. For Ruangguru as the cyber brand, ensuring websites and applications can be accessed without interruption and bugs, and guarantees for data security and user information are vital in maintaining consumer perceptions. Server interference on websites or applications and data leakage can reduce the functional benefits owned by the brand, so that perceived quality can deteriorate.

5. The innovative nature of the Edtech brand is also unable to guarantee perceived quality. The fast and competitive technology industry encourages new competitors. Ruangguru is not the only ed-tech brand in Indonesia that offers online tutoring services. Therefore, the brand must create a "blue ocean" of market opportunities by providing differentiation on products for old consumers and new consumers who have not yet been targeted by players in "Red Oceans" [15].

6. The challenge faced by the Ed-tech brand is related to the Brand Association. Strong, positive, and unique associations can strengthen the brand and increase brand equity [16]. A brand is often associated with its attributes, such as symbols and brand ambassadors. Brand Ambassador has a significant effect on consumer attitudes by creating the desired brand image, and the role of brand ambassadors on social media impacts in increasing brand awareness [17]. Thus, to achieve the brand image expected by the company, selecting an opinion leader as a brand ambassador needs to be considered. Brand should choose an opinion leader figure that represents values according to brand values in their lives.

**4. CONCLUSIONS**

In managing human resources at a service company, extra energy and a manager's leadership in forming employees who can work in teams and individuals are needed. The manager must be selective during the recruitment process and understand how prospective service employees have more to offer than ordinary employees, particularly in communication, to form an excellent service. The manager should maintain and give rewards to employees who have performed well.

Ruangguru showed that as a brand classified as a cyber brand, Edtech did not have the format of "Brick and
Mortar”. Thus, its presence cannot be felt tangibly and can only be felt virtually. There are particular challenges to managing Customer Equity for Cyber brands. The challenge is creating brand awareness, brand loyalty, perceived quality, and brand association. In this digital era, the concept of Brand Equity has experienced redefinitions to e-brand equity based on social media-based interactivity. This will be achieved if Ruangguru can manage people for service excellence to win e-courses in the service market.

Edtech Brand must optimize the function of social media to create a touchpoint between brands with consumers. Ruangguru has implemented this. It has a large number of followers on Instagram. The properties of the product or service of Edtech's brand have a low life-cycle is a challenge for the Edtech brand in building consumer loyalty. Meanwhile, in building a perceived quality, the challenge experienced by the EDTECH brand is in maintaining the privacy and security issues of user data and ensuring websites and applications run well because consumer experience determines its perception of the brand that will affect Customer Equity.

In addition, the challenge faced by the Edtech brand is related to building the brand association. A brand needs to pay attention to figures who become brand ambassadors. Even so, the management of personal image by the figure is beyond the company's control.

REFERENCES


Online Food Delivery Service: The Role of e-Service Quality and Food Quality on Customer Loyalty

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2Universitas Pendidikan Indonesia
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ABSTRACT

Nowadays, the online food delivery service industry is vast and prospective. In this highly competitive business environment, having and developing loyal customers is essential. Unfortunately, research to examine customer loyalty modeling in this industry is not many. This study was designed to examine the relationship between e-service quality, food quality, satisfaction, and loyalty in the context of online-based food ordering. Data obtained from 402 respondents are consumers who order food through online applications in Bandung city. The data were processed and analyzed using SEM-PLS. The result shows that online service quality and food quality affected satisfaction and loyalty.

Keywords: Online Food, Food Quality, Satisfaction, Loyalty.

1. INTRODUCTION

Nowadays, online food delivery (OFD) service is becoming popular, the transaction value of this system is quite large and predicted to increase every year. This phenomenon occurs in many countries in this world. The global transaction value from OFD in 2021 reached US$ 270,317 Million and increased by 10.39% annually [1]. During the COVID-19 pandemic, the OFD transactions value dramatically increased due to the pandemic people's attention to their health. They prefer to buy food using online applications rather than directly visiting restaurants [2]. Ordering food through online applications will prevent being infected by the virus. In addition to preventing transmission of coronavirus infection, restrictions on interacting with others were imposed in many places.

The number of transactions using the OFD system in Indonesia is vast, it reached US$ 803 Million in 2021, and it showed an annual growth rate of 17.52% [3]. Also, according to the report, small business entrepreneurs dominate the number of business actors who adopt the system. Unfortunately, many small business entrepreneurs are not in line with owners' capability in managing a business. Most of them are not managed in proper business conduct [4]. Culinary is a sub-sector that gets special attention from the government. This sub-sector contributed the most to the Indonesian creative economy's gross domestic product (GDP) in 2020 [5]. It contributed around 41% of GDP creative economy that year. The report also described that the sub-sector absorbed around 9.5 million workers.

Previous studies have widely discussed the value of understanding customer loyalty and its forming factors for business activities. Of all the factors that contribute to loyalty, it is believed that product or service quality is a factor that affects loyalty [6, 7]. Loyalty formation has been studied for many industry cases, but researchers [8] agree that customer loyalty is unique. It has distinctive characteristics depending on its industry. Unfortunately, studies on consumer behavior towards online-based food ordering are still few.

Based on the explanation, the authors agree that it is crucial to study loyalty formation. The research aims at determining how food quality and e-service quality influence customer loyalty in the OFD context. This study is expected to bring two implications. First, it can enrich the literature on customer loyalty in the context of OFD services. Second, it can provide valuable guidelines for culinary business actors to develop strategies in developing their business activity.

This study was developed based on the quality base model that has been widely adopted by researchers. In this model, product quality is the key to customer satisfaction. The quality of a product is assessed from...
customer evaluations of all product elements [9]. Online service quality is a consumer's evaluation of products or services offered electronically or online. Consumers expect good quality websites and online applications when conducting online transactions [10]. Thus, the quality of websites and online applications is a crucial aspect for businesses that sell their products and services through online media. This is especially important for online businesses such as culinary businesses, where the interaction between companies and consumers is solely through online media. Jeon and Jeong [11] argue that quality websites and online applications are significant in maintaining customer loyalty, influencing them to visit the company's website, and making them loyal consumers. Those studies generally conclude that satisfaction with online shopping is shaped by e-service quality.

H2: The quality of online services affects satisfaction.

Literature in restaurant studies has also reported the link between food quality and e-service quality [12, 13]. In previous studies, scholars believe that the Spillover Theory [14] stated that one person's experience of one thing would affect the other. Dwi [15] reveals that service quality is essential in food quality.

H3: Food quality affects satisfaction.

Food quality refers to the overall performance of food to meet consumer needs. It is something that is very vital in the culinary business [12]. Ha and Jang [12] use the taste, nutrition, and variety of food to evaluate consumer experience with food and satisfaction. Liu et al. [16] in a study at casual dining restaurants, researchers [17] found that food quality is the main factor that determines customer loyalty. Another study that examines consumer behavior towards the restaurant environment [13] explains the importance of food quality in influencing delivery service, customer satisfaction, and intention to recommend and repurchase.

H3: Food quality affects satisfaction.

Behavioral intention or loyalty intention is a consumer's tendency to act in a certain way towards a product or service [18]. This is widely recognized as the most apparent consequence of customer satisfaction. Behavioral intention indicates a person's behavior that can be predicted in the near future related to consuming a product or service [19].

H4: Satisfaction affects loyalty.
3. RESULTS AND DISCUSSION

The measurement of the model is carried out with three stages of evaluation, evaluation of the outer model, all variables and indicators are valid and reliable, it can be seen from table 1, that loading factor value more than 0.6, composite reliability value more than 0.7 and AVE value above 0.5 [23].

Table 1. Loading factor, CRA, C.R., and AVE values

<table>
<thead>
<tr>
<th>Variable/Indicators</th>
<th>*loading</th>
<th>Cronbach Alpha</th>
<th>Composite Reliability (CR)</th>
<th>AVE</th>
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<td>0.812</td>
<td>0.878</td>
<td>0.646</td>
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</table>

The measurement of discriminant validity is carried out using the Fornell-Larcker Creation criteria value. All latent variables have a greater variance value with the variable itself than other variables [23]. From table 2, it can be seen that the construct meets the discriminant validity requirements.

Table 2. Heterotrait-Monotrait Ratio (HTMT)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Food Quality</th>
<th>Loyalty</th>
<th>Satisfaction</th>
<th>E-Service Quality</th>
</tr>
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<tbody>
<tr>
<td>Food Quality</td>
<td>0.745</td>
<td></td>
<td></td>
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<tr>
<td>Loyalty</td>
<td>0.662</td>
<td>0.804</td>
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</tr>
<tr>
<td>Satisfaction</td>
<td>0.742</td>
<td>0.730</td>
<td>0.850</td>
<td></td>
</tr>
<tr>
<td>E-Service Quality</td>
<td>0.659</td>
<td>0.624</td>
<td>0.636</td>
<td>0.767</td>
</tr>
</tbody>
</table>

The evaluation of the inner model was done by looking at the values of R², Q², and GoF. The results of these three tests are shown in Table 3. The R² value was 0.518, according to Chin [24]. The three criteria for the R² value were R² of 0.67 was common, 0.33 was moderate, and 0.19 was weak. The results of the Q² test, there were evaluation criteria where the value of Q² 0.02 = small, 0.15 = medium dan 0.35 = large. Meanwhile, the GoF evaluation showed a value of 0.571. Ali [25] stated that there are three GoF evaluation criteria: small for 0.1, medium for 0.25, and large for GoF = 0.38. From the R², Q², and GoF tests, it can be seen that the model formed is robust. So that hypothesis testing can be done.

Table 3. GoF value

<table>
<thead>
<tr>
<th>Variable</th>
<th>Q²</th>
<th>AVE</th>
<th>R²</th>
</tr>
</thead>
<tbody>
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<tr>
<td>Food Quality</td>
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<td>Loyalty</td>
<td>0.340</td>
<td>0.646</td>
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<tr>
<td>Satisfaction</td>
<td>0.418</td>
<td>0.722</td>
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<tr>
<td>Average Score</td>
<td>0.632</td>
<td>0.518</td>
<td></td>
</tr>
</tbody>
</table>

GoF = √(AVE×R²)

GoF = 0.572

Hypothesis testing was carried out using the t value. From the table, all t values are above the cut-off or above 1.96, which indicates that everything is significant. Thus, from table 4, it could be said that all hypotheses are accepted.

Table 4. Hypotheses testing results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>β</th>
<th>t Value*</th>
<th>Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 E-Service Quality -&gt; Satisfaction</td>
<td>0.260</td>
<td>5.734</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2 E-Service Quality -&gt; Food Quality</td>
<td>0.659</td>
<td>18.497</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3 Food Quality -&gt; Satisfaction</td>
<td>0.571</td>
<td>11.629</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4 Satisfaction -&gt; Loyalty</td>
<td>0.730</td>
<td>24.771</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

The following is a picture of the relationship between variables:

Figure 2. Tested model

The research conducted revealed that in the context of online-based food ordering, the quality of online
services (applications) and food quality has a vital role in the formation of consumer satisfaction and loyalty. This finding is in line with the results of previous studies [15].

The quality of online services plays a role in increasing food quality and consumer satisfaction when ordering food using online applications; consumers can see the appearance of the food to be ordered. Thus, this influences the perception of the food quality to be ordered. The ease of finding and ordering food, payment, and application reliability are essential for consumers because by ordering food using online applications, consumers do everything themselves (self-service). Food quality is an important factor. It can be seen that food quality affects consumer satisfaction. Consumers place food orders using online applications are because they need food, not only because they are interested in using food ordering applications.

The quality of food has a more significant influence on consumer satisfaction than the quality of online services. This provides information to culinary business actors that the core product being sold is the most important, meaning that they offer food so that the quality of the meal must be good.

4. CONCLUSIONS

This study discovers that food quality and e-service quality play a significant role in developing customer satisfaction in the context of online food delivery (OFD) service. Food quality has a stronger influence on satisfaction compared with e-service quality. This finding suggests that the business actor must pay attention to the fact that consumers order culinary products using online media to consume the food.

ACKNOWLEDGMENTS

The highest appreciation to the School of Postgraduate Studies of the Universitas Pendidikan Indonesia, lecturers, and those who have contributed to this study’s completion.

REFERENCES


Surviving Without a Brand Ambassador: Apple After Steve Jobs
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ABSTRACT
This study aims to determine how Apple Without a Brand Ambassador on Sales Level and its impact on Apple stock sales. With a quantitative descriptive method, the questionnaire was spread as a tool to collect data using PLS software. The respondents of this study were from all levels of society who have opportunities as consumers of Apple products with the Non-Probability Sampling technique or method of determining the sample by accident (accidental) with 150 samples taken. This study shows that without a brand ambassador, a positive effect on Apple Sales was found. Apple increased sales even though it does not have a Brand Ambassador. Nevertheless, there is no evidence for the non-existence of at the level of stock sales. This means that with or without a Brand Ambassador, the level of stock sales at Apple is not affected.

Further research can be done with other variables, such as the company's performance, which is suspected to influence stock sales. There is a positive influence on Apple's Sales Rate on the Level of Stock Sales. When Apple's sales chart increases, the same thing happens to Apple stock charts.

Keywords: Brand Ambassador, Sales Rate, Share Sales Rate.

1. INTRODUCTION
Many companies use celebrities to world-famous figures as Brand Ambassadors for their products. For example, Samsung collaborates with BTS as Brand Ambassadors [1] and Huawei with Leonel Messi [2]. Meanwhile, Apple almost never has a Brand Ambassador [3]. The most famous face of Apple is only Steve Jobs, and it's because Steve Jobs is one of the most iconic leaders in the world. Instead of choosing celebrities to be brand ambassadors, Apple invites users of iPhone, iPod, MacBook, and all their products to become Brand Ambassadors. Users are the ones who understand the advantages of each product.

The brand credibility of a product conveyed by a well-known artist to the audience, compared to the credibility of a user who promotes the product to his closest relatives, will undoubtedly provide a different sense of trust [3].

This research aims to find out how Apple is without a brand ambassador, how is the level of sales of Apple products, and how is the level of stock sales at Apple.

1.1. Brand Ambassador
Brand Ambassador is a tool that companies use to connect and communicate with the public about how they take advantage of sales [4]. The job of a brand ambassador provides the means to humanize the brand and develop a particular identity for it [5]. With the right BA selection decisions, companies begin to build higher trust and consumer relationships [5]. Brand Ambassadors can embody the human component of the brand value structure [6] and show their enviable nature because of their status [7]. Ambassadors are often synonymous with or related to celebrities or public figures influential in a country or the world. Celebrities are believed to be a psychological supporting factor that can influence consumer attitudes and beliefs about products [8].

H1: Brand Ambassador has a positive effect on Sales Level
H2: Brand Ambassador has a positive effect on the level of stock sales through Apple's sales level.
1.2. Sales Rate

Sales Rate are goods sold in the form of money for a certain period and have a good service strategy [9]. Another definition of Sales Level is the amount offered from a company by industrial users using distributors [10]. The level of sales is goods produced to meet sales needs and will affect a company [11]. Sales in the scope of activity are often misinterpreted with the notion of marketing. Sales in this scope mean the act of selling goods or services. Marketing activities are sales within the scope of results or income means an assessment of the company's real sales in a period [12].

The data in figure 1 shows that Apple's sales rate has increased from Year to Year, which means that consumers are confident in Apple products even without a Brand Ambassador. This can be seen in the Figure 1 below.

![Figure 1. Apple's sales chart](source.png)

Source: [13]

According to The Verge report, the most significant apple inc revenue was obtained from the sales of mobile phones that scored gains up to USD100 billion in the final quarter of 2020. This further shows that without a Brand Ambassador Brand, Apple even sold in the international market for a total of Rp 916 trillion. In the picture below, Apple's sales rate has increased compared to its competitors' products.

![Figure 2. Apple Sales Chart](source.png)

H2: Apple's sales level has a positive effect on the level of stock sales

1.3. Share sales rate

This study aims to find out how apple stock sales rate. The share price is the price assigned to a company for other parties who wish to have share ownership rights. Another understanding of the stock price is the price on the real market and is the price that is most easily determined because it is the price of a stock in the ongoing market, or if the market is closed, then the market price is the closing price [14].

Amid the collapse of technology stocks in the United States (US), shares of iPhone gadget maker Namely Apple Inc. closed up among other competitors such as Google, Amazon, Meta (formerly Facebook), and Microsoft. Although it had decreased due to pandemics, Apple could survive and increase again (Investor.apple.com). As Figure 3 below shows, the level of sales of Apple shares is relatively likely to increase until October 2020. This is one of the causes of the title of the wealthiest technology company in the world still held by Apple.

![Figure 3. Apple Stock Sales Chart](source.png)

Source: [15]

The same is also seen in figure 4 reported from World Stock which shows the sale of Apple shares is in the top position compared to Intel, Microsoft, Cisco, and JPMorgan.

![Figure 4. Apple’s Sales Position](source.png)

Source: [16]
2. METHODS

The research method is a scientific step to obtain data with a specific purpose and use [17]. This type of research is descriptive quantitative, using a questionnaire to collect data using Partial Least Squares (PLS) software. With Research Hypothesis as follows:

H1: Apple without a Brand Ambassador has a positive effect on Product Sales Level

H2: Apple Sales Level has a positive effect on Stock Sales

H3: Apple without a Brand Ambassador affects the Level of Share Sales through Apple's Sales Level.

2.1. Sampling

Sampling technique is a sampling technique [18]. Non-Probability Sampling, particularly the accidental sampling method, referred to [19] that the sample number must be at least four or five times the number of question items so that 5 x 30 = 150 samples are obtained.

3. RESULTS AND DISCUSSION

3.1. Result

Partial Least Squares (PLS) paths were used to estimate the measurement components and structure of the model simultaneously. PLS is a component-based structural equation modeling technique with advantages over covariance modeling [20]. There are many precedents for the use of PLS in marketing studies [21; 22; 23]. The correlation and square roots of the average variance extracted show by Table 1 as a follow:

Table 1. Correlations and square roots of the average variance extracted

<table>
<thead>
<tr>
<th>Customers</th>
<th>Brand Ambassador</th>
<th>Sales rate</th>
<th>Share sales rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand ambassador</td>
<td>na</td>
<td>.42**</td>
<td>.02</td>
</tr>
<tr>
<td>Sales rate</td>
<td>.42**</td>
<td>.97</td>
<td>.23**</td>
</tr>
<tr>
<td>Share sales rate</td>
<td>.02</td>
<td>.23**</td>
<td>.73</td>
</tr>
</tbody>
</table>

Note: Square roots of average variances extracted (AVEs) are shown on diagonal in bold.

Abbreviation: na, not applicable.

*p < .01.

Result of partial least squares analysis show by Table 2 as a follow:

Table 2. Results of partial least squares analysis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Standardized Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Apple without a Brand Ambassador has a positive effect on Sales Level</td>
<td>.20**</td>
<td></td>
</tr>
<tr>
<td>H2 Sales Level has a positive effect on Sales Level</td>
<td>.20**</td>
<td></td>
</tr>
<tr>
<td>H3 Apple without a Brand Ambassador has a positive effect on the Level of Share Sales through Apple's Sales Level.</td>
<td>.17**</td>
<td></td>
</tr>
<tr>
<td>R2 BA = .13, pseudo R2 Share Sales Rate = .23, GOF = .391</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: N = 150. Abbreviation: ns, not significant.

**p < .01

3.2. Discussion

The results of the path model are shown in Table 2. The evidence was found for Apple's H1 without a Brand Ambassador positive effect on Apple's Sales Level (β = .20, p < .01), in H2 Sales Level had a positive impact on Share Sales Level (β = .20, p<.01.), and for H3, Apple without a Brand Ambassador has a positive effect on the level of stock sales through the level of sales of Apple (β = .17, p < .01). If previous researchers discussed the role of brand ambassadors in this study, they discussed products without a Brand Ambassador. The consumers shown in this study indicated they prefer to be loyal to Apple products rather than switching to alternative brands. Brands are actively suppressing the efforts of these loyal consumers to modify and, in some cases, improve their products through continuous technological innovation. Overall, this study highlights the contradictory relationship between Apple and its competitors. In the results of previous studies, the Influence of Brand Ambassadors on International Brand Image and Its Impact on Study Purchase Decisions on Smartphone Users show how Brand Ambassadors significantly positive effect on the global brand image variable as much as 75.5%. The brand ambassador variable significantly after purchasing decision variable, with 32.4% direct influence, 38.3% indirect influence, and 70.7% total influence.

Furthermore, previous research with Software-Based Brand Ambassador Selection-A Celebrity-Branding Assessment Framework in Action (Selina Görgner, Philipp Brune : 2018) shows the results of celebrity assessments to formalize Brand Ambassador selection decisions and evaluate their implementation in prototype software in real-world scenarios from leading German premium car brands. The higher the consumer's positive perception of the brand ambassador, the higher the brand awareness, and the higher the brand image. Brand ambassadors have a significant effect on purchasing decisions. The higher the consumer's positive perception...
of the brand ambassador, the higher the purchase decision. The higher the consumer's positive perception of the brand ambassador, the higher the brand awareness, the higher the brand image. Brand ambassadors have a significant effect on purchasing decisions. The higher the consumer's positive perception of the brand ambassador, the higher the purchase decision. The higher the consumer's positive perception of the brand ambassador, the higher the brand awareness, the higher the brand image. Brand ambassadors have a significant effect on purchasing decisions. The higher the consumer's positive perception of the brand ambassador, the higher the purchase decision.

According to [23] showed that Brand ambassadors are negatively related to purchasing decisions. This means that people who have high purchasing decisions do not necessarily see who is the Brand Ambassador of the good sponsor services to be purchased.

Meanwhile, [24] showed that the level of sales had no significant effect on stock prices. The results of the sales growth regression coefficient of -2.466 and the results of the t-test between sales growth and stock prices obtained a critical t-count value, namely -0.240 2.013 with a significance level of 0.812 or > 0.05. The results of this study follow research from [25]. The development of business in the digital era and social media gave birth to Brand Ambassadors as a substitute for the old method of word of mouth marketing. The study results show that Apple can still increase the level of sales, which also resulted in growing sales of Apple shares in the world investment scene.

4. CONCLUSIONS

The credibility of a product conveyed by a famous artist to a massive audience, compared to the credibility of a user who promotes a product to his closest relatives, will certainly give a different sense of trust. Market Share is not Apple's main goal because Apple focuses on quality. Still, they value their product and their value their customers, which impacts consumer loyalty to the Apple brand and, of course, on the level of product sales. This demand will affect the revenue and profit that Apple generates each quarter.

REFERENCES


The Integration of Perceived Usefulness, Ease of Use and Perceived Risk in Increasing Customer Usage Intention to Access E-channel during Covid-19: Evidence from Indonesia

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ABSTRACT
This research aimed at investigating and analyzing how the integration of perceived usefulness, ease of use, and perceived risk increases the usage intention of Indihome e-channel customers during Covid-19 in the Jakarta Area. The research method used was quantitative research using Partial Least Square analysis and the SmartPLS program to analyze data. The number of samples taken was 180 respondents using closed questionnaires and distributing questionnaires online using e-questionnaires. Four hypotheses were proposed, resulting in three pathways positively affecting perceived usefulness and usage intention, namely ease of use and perceived risk. Meanwhile, perceived usefulness did not have a significant effect on usage intention.

Keywords: E-Channel, Ease Of Use, Perceived Risk, Perceived Usefulness, Usage Intention.

1. INTRODUCTION
The ease of using e-channel has always been an attraction for consumers. In general, consumers will choose applications such as e-channels that have easy to learn and access quickly. Ease of use can represent the various conveniences consumers feel in relation to using the internet for various goals to be achieved [1]. According to [2], ease of use can represent the perception of simplicity, namely how easy it is for the internet to be used as a medium to simplify daily activities. The user believes that using this system will make his life easier.

In the context of this study, ease of use (EOU) is meant when customers feel easy and happy in accessing e-channel programs. The perception that is formed in customers' minds is that when they access e-channels, they feel entertained in their daily routine so that the intention or interest of customers to access e-channels increases along with their need to be entertained.

Perceived usefulness (PU) is also a determining factor intensity of e-channel. According to [3], perceived usefulness describes the extent to which individuals believe that using technology will improve their work performance. On the other hand, if the individual considers information media less useful, he will not use it.

The primary purpose of perceived usefulness as the extent someone believes that the use of technology, such as the internet, will improve job performance [4]. Someone trusts and feels that accessing e-channels is very helpful and enhances work performance that they will achieve, or in other words, the person believes that the use of IT has provided positive benefits that have an impact on work and achievement of work performance [5].

They will consider subscribing to e-channel to be more helpful. As [6] argued, if technology such as the internet and e-channel would increase customers' efficiency in living everyday life, it would positively affect the entire online transaction process. Perceived usefulness is people's perception that is using some technologies, in this case by accessing e-channel, will be able to improve people skill and performance to use that technology.
On the other hand, virtual transactions are vulnerable to fraud, which may inflict financial loss on online customers and constitute a financial risk that discourages customers from making online purchases [7-8]. The emergence of customers’ interest, changes, or postponing the purchase process is heavily affected by their perception of risk in doing transactions. [9] stated that this perception of risk, or perceived risk (PR), is the customer's belief that a potential negative risk exists in a certain condition or situation. This amplifies [10] findings stating that customers often use the perceived risk to form certain behaviors as they would often try more to avoid mistakes than to maximize utility in the purchase process. Therefore, the perceived risk theory plays an important part in explaining the usage intention of accessing e-channel.

This study aims to determine and analyze how the integration of perceived usefulness, ease of use, and perceived risk increases the usage intention (IU) of Indihome e-channel customers during Covid-19 in the Jakarta Area.

2. METHODS

The research method used was quantitative research and used Partial Least Square analysis with the SmartPLS program to analyze data. The number of samples taken was 180 respondents using questionnaires and distributing questionnaires online using e-questionnaires. These respondents were customers who access the MyIndihome e-channel in the Jakarta Area, Indonesia. 77% of the respondents were male, and 59.2% of them possessed a minimum graduate degree. 63.8% of respondents had subscribed to Indihome internet services for more than two years, and 34.3% had used the MyIndihome e-channel for more than two years.

3. MATH AND EQUATIONS

The PLS evaluation model is performed by assessing the outer and inner models based on the research model in Figure 1. The results of data processing obtained Cronbach’s alpha results. Each latent variable has a value of >0.7, the value for composite reliability> 0.6, and the AVE value> 0.5 so that the questionnaire data can be declared valid and reliable and can be used to analyze the inner model further. From the data processing results, the R-squares value for the perceived usefulness variable was 0.182, and the usage intention variable was 0.465. Research model show by Figure 1.

These results indicate that each variable, namely perceived usefulness, had an R2 value of 0.182, which was in the weak category, and usage intention had an R2 value of 0.465, which was included in the moderate category. Based on the results, it could be seen that the model formed is robust so that hypothesis testing can be carried out. The next step was resampling the model. The PLS is commonly known as bootstrapping and doing hypothesis testing. This study used a significant level of 5%.

Based on Table 1, the determination of the significant figure taken in this study was 5% and the degree of freedom df = n-2 = 180-2 = 178, then the T table value is 1.653. The path coefficients table shows that there is one path that has no less significant effect with a significance level of less than 0.05, namely the path of influence of perceived usefulness on usage intention with a significance value of 0.115. Meanwhile, the other three paths significantly affect the P values <0.05.

Based on the output results on the ease of use pathway for perceived usefulness, it has a T Statistics value of 5.136 > T table (1.653) followed by a P value of 0.000 <0.05, which means that the ease of use variable has a significant effect on the perceived usefulness variable. The original sample estimate value shows a positive value of 0.426 which means that the direction of the ease of use variable relationship to the perceived usefulness variable is positive.

![Figure 1 Research model](image)

**Figure 1** Research model

Table 1. Initial path coefficient and significant value

<table>
<thead>
<tr>
<th>Path</th>
<th>Original Sample Estimate (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STD)</th>
<th>T Statistics</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU → PU</td>
<td>0.426</td>
<td>0.435</td>
<td>0.083</td>
<td>5.136</td>
<td>0.000</td>
</tr>
<tr>
<td>EOU → UI</td>
<td>0.456</td>
<td>0.450</td>
<td>0.142</td>
<td>3.203</td>
<td>0.001</td>
</tr>
<tr>
<td>PR → UI</td>
<td>0.237</td>
<td>0.255</td>
<td>0.091</td>
<td>2.613</td>
<td>0.009</td>
</tr>
<tr>
<td>PU → UI</td>
<td>0.152</td>
<td>0.146</td>
<td>0.096</td>
<td>1.581</td>
<td>0.115</td>
</tr>
</tbody>
</table>

Table 1 show initial path coefficient and significant value.
In the second path, the ease-of-use variable on usage intention has a T Statistics value of 3.203 > T table (1.667) followed by a P value of 0.001 < 0.05, which means that the ease-of-use variable has a significant influence on the usage intention variable. The original sample estimate value shows a positive value of 0.456, which means that the direction of the relation of the ease-of-use variable to the usage intention variable is positive.

The path of perceived risk to usage intention has a T Statistics value of 2.613 > T table (1.667) followed by a P value of 0.009 < 0.05, which means that the perceived risk variable has a significant effect on the usage intention variable. The original sample estimate value showed a negative value of -0.237 which means that the direction of the relationship between perceived risk and usage intention variables is negative.

The path of perceived usefulness for usage intention had a T Statistics value of 1.581 < T table (1.653) followed by a P value of 0.115 > 0.05, which means that the variable perceived usefulness had no effect on usage intention. The original sample estimate value shows a positive value of 0.152 which means that the direction of the perceived usefulness variable on the usage intention variable is positive.

This study uses intervening variables in the structural model, causing the model’s output direct effect and indirect effect. The intervening variable in this study is perceived usefulness, which mediated the relationship between ease of use and usage intention. It is necessary to discuss and compare the direct and indirect effects on the model to determine the role of the mediating variable.

Based on the output results from Table 2, it showed that the indirect effect of the ease of use variable on usage intention through perceived usefulness as a mediating variable had a T Statistics of 1.491 < T table (1.653) and P values 0.137 > 0.05, indicating that the path did not have significant influence and had a positive path marked by a positive value of the original sample estimate of 0.065. Thus, it can be concluded that the perceived usefulness variable only had a slightly mediating effect of 65% on the relation of ease of use to usage intention.

Based on the results of the output, Table 3 showed that the amount of direct influence of 0.456 was more significant than the indirect effect of 0.065, meaning that the role of the mediating variable perceived usefulness in the model is smaller than the direct effect of the dependent variable, namely ease of use on the dependent variable, namely usage intention. Criteria for determining the mediation characteristics in a model could be determined by approaching the difference in coefficients using the examination method by analyzing with and without involving the mediating variable.

Table 2 show path coefficient and significance value of direct effect.

<table>
<thead>
<tr>
<th>Path</th>
<th>Original Sample Estimate (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STD)</th>
<th>T Statistics</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU → PU → UI</td>
<td>0.065</td>
<td>0.064</td>
<td>0.043</td>
<td>1.491</td>
<td>0.137</td>
</tr>
</tbody>
</table>

Table 3 show path coefficient comparison.

Table 3. Path coefficient comparison

<table>
<thead>
<tr>
<th>Path</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU → PU → UI</td>
<td>0.456</td>
<td>0.065</td>
<td>0.521</td>
</tr>
</tbody>
</table>

Table 4 show path coefficient without mediating variables.

Table 4. Path coefficient without mediating variables

<table>
<thead>
<tr>
<th>Path</th>
<th>Original Sample Estimate (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STD)</th>
<th>T Statistics</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU → UI</td>
<td>0.503</td>
<td>0.503</td>
<td>0.129</td>
<td>3.906</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on the output, Table 1 showed that the analysis using mediation variables, namely the ease of use independent variable path to the usage intention dependent variable, has a P value of 0.001 < 0.05, the independent variable ease of use on the mediation variable perceived usefulness had P values of 0.000 < 0.05, and the mediation variable perceived usefulness on the dependent variable usage intention has a P value of 0.115 > 0.05. It can be concluded that two pathways had a significant effect, and one pathway had no significant effect. Whereas Table 4 is the second analysis without involving the mediating variable on the dependent variable, which had a P value of 0.000 < 0.05, meaning that this path has a significant effect.

The second step aimed at looking at the path coefficient in the original sample estimate column in the analysis by involving the mediation variable in the ease of use path to smaller usage intention than the analysis, without involving the mediation variable on the ease of use path to usage intention (0.456 < 0.503). Therefore, it is appropriate provided that the mediating variable perceived usefulness characteristics can be said to be partially mediated variables.

Generally, this study shows that the overall hypothesis proposed were acceptable. In this case, there is a significant influence between ease of use, perceived risk, perceived usefulness, and usage intention. However, one hypothesis is not accepted because this pathway does not have a significant effect on endogenous variables.
The study results proved that ease of use had a significant and positive effect on the usage intention of Indihome e-channel customers in the Jakarta Area, so the hypothesis stated that ease of use affected the usage intention of Indihome e-channel customers in the Jakarta Area was accepted. This means that if the ease of use felt by customers when accessing the Indihome e-channel is getting better, it will increase the perceived usefulness. The results of this study are in line with [11], where usage had a positive impact on usage intentions. Likewise, it is also in line with [12], which found that ease of use affected perceptions of use and intention to use. Whereas perceived usefulness refers to consumers' perceptions of the outcomes of using e-channels, ease of use refers to their perceptions of the processes that lead to the end results of using e-channels [13]. According to the Technology Acceptance Model (TAM), ease of use had a dual effect on usage intentions, both directly or indirectly. Indirect effects on the intention occur through perceived usefulness because the more effortless the technology to use, the more valuable it will be [14-15].

The study results prove that ease of use has a significant and positive effect on the usage intention of Indihome e-channel customers in the Jakarta Area, so the hypothesis states that ease of use affects the usage intention of Indihome e-channel customers is accepted. This means that if the ease of use felt by Indihome e-channel customers is getting better, it will increase customer usage intention in accessing Indihome e-channel. The results of this study are in line with research [16], which shows that ease of use had a significant effect on the intention to use. Likewise, with the research results [17], wherein that study ease of use was positively related to intention to use.

The results proved that perceived usefulness did not have a significant effect on the usage intention of Indihome e-channel customers in the Jakarta Area. Therefore, the hypothesis that perceived usefulness affected the usage intention of Indihome e-channel customers was rejected. This means that when a customer perceived the benefits of an application, it did not impact the intensity of the customer to access the application. The results of this study are in line with [18], which proves that only perceived ease of use and perceived security had a significant effect on the intention to use. As for the effect of perceived benefits on intention to use, the results were not significant. These results were also similar to the research results [19], which showed that perceived benefits had no significant effect on the intention to use in buying through e-book applications.

The study results proved that perceived risk had a significant effect on the usage intention of Indihome e-channel customers in the Jakarta Area. Therefore, the hypothesis that perceived risk affects the usage intention of Indihome e-channel customers was accepted. This means that when customers perceive the risks of filling in an account on Indihome e-channel, they feel that Indihome will maintain the confidentiality of their identity and prevent illegal financial transactions. The risk that customers had perceived can make customers feel comfortable to increase the intensity of using Indihome e-channel. These results are in line with the research [20], where the perception of risk had a positive effect on use. Likewise, research [21] found that risk perception will affect the choice. In addition, [22] stated that the perception of risk became one of the important components in processing the intention to use made by consumers.

The analysis results showed that the role of perceived usefulness in mediating the effect of ease of use on usage intention was smaller than the direct effect of ease of use on usage intention. This means that customers were aware of using an application in making payment transactions. Customers are not only looking for the importance of a benefit, but the convenience and simplicity factors are important and primary factors for customers in using an online application. These results support the research of [12], which found that ease of use affects perceptions of usefulness and usage intentions. This is in accordance with TAM, which stated that ease of use has a dual effect, directly or indirectly, on intention to use. Indirect effects on intention occur through perceived usefulness [14-15].

4. CONCLUSIONS

This research focuses on elements that can increase customer usage intention to access and use the Indihome e-channel application. The four hypotheses proposed in this study resulted in several findings. Three pathways had a significant effect those are the effect of ease of use on perceived usefulness, the effect of ease of use on usage intention, and the effect of perceived risk on usage intention. Meanwhile, one path, perceived usefulness on usage intention, had no significant effect. Comparison of the direct effect of ease of use on usage intention with the indirect effect of ease of use on usage intention through perceived usefulness as a mediation produces a smaller value than the direct effect. This is related to the insignificant pathway, namely perceived usefulness for usage intention.

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[2] F.D. Davis, “Perceived usefulness, perceived ease of use, and user acceptance of information


The Effect of Experiential Marketing on Customer Satisfaction (Tokopedia)

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ABSTRACT
This study aims to analyze the effect of Experiential Marketing on Tokopedia consumer satisfaction. The technique used in this research is non-probability sampling with the purposive sampling method. The data collection technique used in this study was a questionnaire distributed to 104 respondents. The data analysis technique used was the f test, t-test, and multiple linear regression analysis using the SPSS 21.00 program. The results obtained indicated that Experiential Marketing had a positive and significant effect on the satisfaction variable. This shows that the greater the experiential marketing, the greater the consumer satisfaction with a particular product or brand.

Keywords: Experiential Marketing, Consumer Satisfaction.

1. INTRODUCTION

Experiential marketing is an approach in marketing that has been done from the past until now by marketers. This concept seeks to bring consumers a unique, positive, and memorable experience. According to [1] stated that experiential marketing could have advantages in several situations, including preventing brand decline, differentiating products from competitors' products, creating an image and identity for the company, promoting innovation, and leading to the trial, purchase. The experiential marketing concept is carried out by marketers to offer their products and services by stimulating consumer emotions that produce various consumer experiences. Stimulating the elements of sense, feel, think, act, relate is used to attract consumers to feel satisfied. Thus, this is a crucial success factor. According to [2], consumer satisfaction is the level of feeling after comparing the performance he feels with his expectations. The level of satisfaction is the difference between perceived performance and expectations. If performance is below expectations, consumers are assumed to be dissatisfied. If performance matches expectations, consumers are satisfied. In general, this study aims to analyze the effect of experiential marketing on Tokopedia's consumer satisfaction. According to [3] conducted a study to determine the effect of experiential marketing (which includes sense, feel, think, act, and relate) on customer satisfaction at The Plaza Semanggi. The results showed that the five independent variables positively and significantly affected consumer satisfaction.

Customer satisfaction with services helps develop the behavioral side of the customer in terms of the intention to carry out repeated electronic transactions and the emotional side in terms of giving positive words of mouth to customers to other people [4].

Experiential marketing is a marketing concept by offering products and services by cultivating an emotional element to consumers resulting from the situations experienced by consumers [5]. According to [1] divides the experience of the marketing approach to marketing or strategic experience modules consisting of 5 types (sense, feel, think, act, relate). According to [6], customer satisfaction is the level of one's feelings after comparing the performance or results perceived to his expectations. Customers' satisfaction with service companies is defined as a situation where customer expectations for service follow the reality received about the services provided to customers. If the company's service is far below customer expectations, the customer will be disappointed.

Conversely, if the services provided meet consumer expectations, consumers will be happy. According to [7] proposed attributes for satisfaction with the indicators consist of the suitability of expectations, interest in
revisiting, and willingness to recommend. According to [8] state that overall satisfaction is based on the purchase and experience of consuming goods and services. Experience can be created by creating a brand that provides an unforgettable experience to customers with the support of a good marketing program. A good and memorable experience will create positive feelings or satisfaction with the brand.

2. METHODS

2.1. Research Methodology

This research was conducted at Tokopedia. This research focused on the effect of experiential marketing on customer satisfaction. This research was included in causal research. Causal research is a research design that aims to determine the relationship and influence of one variable on other variables. This study aimed to analyze and find the effect of experiential marketing on consumer satisfaction.

2.2. Population and Research Sample

The population in this study were all users of the Tokopedia application. The sample was as many as 104 respondents and filled in entirely by the respondents and therefore could be analyzed. According to [9] stated that a sample size greater than 30 and less than 500 was an appropriate and reasonable amount for research in general [9]. Thus, it can be said that the answers collected can be analyzed further. The sampling technique of this research is using google forms or filling out online.

2.3 Data Analysis Method

Quantitative Analysis Method is a data analysis that uses data in numbers obtained as a result of measurement or summation with the SPSS 21.00 for the windows program.

2.4. Hypothesis

H1: Experiential Marketing affects Tokopedia consumer satisfaction.

3. RESULTS AND DISCUSSION

3.1. Result

Based on the results of Table 1, it can be explained that the independent variable indicators, namely sense, feel, think, act, relate, and customer satisfaction, have a significant value of 0.000 < 0.05 in this case, it is declared valid. If the p-value was less than alpha (p < α), the null hypothesis was rejected, meaning that the result was statistically significant.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Statistic Test</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiential Marketing</td>
<td>Q1</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q5</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q6</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q7</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q8</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q9</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q10</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q11</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q12</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q13</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q14</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q15</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q16</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q17</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q18</td>
<td>Valid</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Q19</td>
<td>Valid</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 2. explained that the research data has a Cronbach’s Alpha value of 0.871 > 0.06, meaning that the data tested is reliable

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of item</th>
</tr>
</thead>
<tbody>
<tr>
<td>.871</td>
<td>19</td>
</tr>
</tbody>
</table>

Table 3 show the results of the calculation of the F test, it was found that Fcount was 67.812 and a significant 0.000. Meaning that the experiential marketing variable simultaneously affected the consumer satisfaction variable at Tokopedia. The influence of experiential marketing is the most dominant in consumer satisfaction because it has the largest beta and t-count coefficient values.

<table>
<thead>
<tr>
<th>Anova</th>
<th>Sum of Square</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Regression</td>
<td>8.566</td>
<td>1</td>
<td>8.566</td>
<td>67.81</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>12.885</td>
<td>10</td>
<td>.126</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>21.451</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression coefficient value of the experiential marketing variable (b1) is positive with a score of 0.840. This means that every 1 unit increase in price will
increase consumer satisfaction by 0.840 units assuming the other independent variables have a fixed value. Coefficient shown by Table 4.

Table 4. Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>.466</td>
<td>.239</td>
<td>1.950</td>
<td>0.054</td>
<td></td>
</tr>
<tr>
<td>Mean_x</td>
<td>.840</td>
<td>.102</td>
<td>.632</td>
<td>8.235</td>
<td>.000</td>
</tr>
</tbody>
</table>

Figure 1 show Normal regression.

![Figure 1](image1.png)

Figure 1. Normally distributed

Based on Figure 1 above, the data being tested was normally distributed and met the assumption of normality since the data is spread across the diagonal line and spreads around the link.

Figure 2 show heterocedasticity

![Figure 2](image2.png)

Figure 2. Heterocedasticity

Based on Figure 2 above, there is no heteroscedasticity in the data tested because the data has been scattered. There is no clear pattern and points in the SPRSPREADage above and below the number 0 on the Y-axis.

4. CONCLUSIONS

This means that customer satisfaction was influenced by the experiential marketing variable of 39.3%. This study supports previous research from [10, 11], which states that experiential marketing positively affected customer satisfaction.

Based on the results of the t-test, it can be seen that t_count is on the Experiential Marketing variable. 8.235 > t_table 1.983 with probability t is sig < 0.05 for the satisfaction variable. Based on the results of the F test, the value of F_count> F_table is 67.812 > 3.93, showing that Experiential Marketing has a positive and significant effect on the satisfaction variable.

REFERENCES

Millennial Customer Inertia In Indonesia's Online Transportation Services

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ABSTRACT
This study aims at determining the factors that form customer inertia in the online transportation service industry in Indonesia. The research method used was a survey with data collection techniques through questionnaires to 174 online transportation customers in Indonesia, especially in the City of Tasikmalaya, using purposive sampling techniques. The analytical tool used in this study was Confirmatory Factor Analysis (CFA) by testing the reflective trait of the behavioral, cognitive, and affective aspects to measure customer inertia. This study indicated that customer inertia could be formed by customer behavior on cognitive and affective factors of the customer itself. When a customer responded with positive behavior, good cognition, and good affection, the customer's inertia would be created.

Keywords: Inertia, Behavior, Cognitive, Affective.

1. INTRODUCTION

With the development of information technology, transportation services are based not only on conventional but also online-based transportation services or ride-hailing. In this modern era, online transportation services are indeed one of the solutions for people who use mass transportation services. Easy and practical services by using an application on a smartphone/gadget make people increasingly dependent on this mass transportation mode. It is noted that online transportation service providers in Indonesia are dominated by two large companies, namely Go-Jek and Grab. These companies have always been included in the ranks of the top brands in the online transportation service category.

Based on the results of the Top Brand Index (TBI), the position of Go-Jek and Grab, which are the two largest online transportation platforms from 2017 to 2020, have moved down due to the number of local online transportation service companies who better understand the characteristics of the local market in each region. This also illustrates a decrease in commitment, which is one indicator of loyalty. In line with this data, it is assumed that customers are switching to use other similar services currently developing locally. Thus, Go-Jek and Grab companies must work not only to attract new customers but also to retain existing customers if they want to keep the customers. Although the company already has customers who are considered loyal, it does not rule out the possibility of competitive pressures that can change customer loyalty.

As a generation that is sensitive to technological developments, the millennial generation is the primary market for online transportation service companies. Several studies have tried to identify the characteristics of millennial customers [1, 2, 3] and their differences from other generations [4, 5]. Millennials have a unique nature because of their laziness [6], and they tend to be difficult to be loyal [7]. This becomes more complex when online transportation service companies represent technological developments in their business operations and target millennials as the primary target market but have disloyal characteristics.

The development of customer loyalty has become an essential focus for marketing strategies because it is related to the benefits that companies will receive when they retain existing customers [8]. Loyalty is based on the strength of the relationship between relative attitudes and repeat patronage. A relatively low attitude with high repeat patronage can be called inert loyalty [9]. Loyalty itself can result from customer inertia [10].
Customer inertia is an attachment, persistence, to the behavior patterns that exist in the minds of consumers to stay afloat (on the status quo), even if there are better alternatives [11]. The status quo is the tendency of consumers to continue the choice of the brand that is being used (because they are used to it) rather than looking for alternative actions [12]. Inertia reflects a reluctance to abandon old products/services even in new and better alternatives [11]. Inertia is identified as reluctance or laziness to switch to another brand because it remains in the status quo and does not care how good the alternative will be in the future [13]. Customers are attracted to stay with the service because they are familiar with the characteristics and capabilities, so they are reluctant to switch [14].

Inertia is defined as a consistent pattern of using the same brand, where the brand is used out of habit, and less effort is required [15]. Consumers with inertia will repeatedly buy the same brand without much thought and little fundamental commitment to the product [16]. Consumers with inertia may delay a decision even when it is optimal to buy immediately. A related point of view is that inertia represents the habit of staying afloat [17]. Such a systematic pattern of behavior can be placed on switching costs, leading to the avoidance of perceived uncertainty or risk, thereby causing consumers' psychological reluctance to switch to another brand [18]. Inertia is also described as a condition in which repetitive use behavior occurs based on situational cues and reflects an unconscious process [16], as shown by repeated use of the same brand passively and without much thought [15]. Inertia is also characterized as a habitual attachment that is largely unemotional and comfort-driven [19,20]. Inertia may result from being concerned about future losses, making it easier for consumers to stick with an existing brand, and acting as a psychological barrier that prevents switching to another brand [21].

Inertia is a condition in which repeat customer purchases occur due to laziness, inactivity, or passivity [15], which is inherent in the millennial generation. In other words, such customer repeat purchases result from a lack of goal-directed behavior [22], a lack of a conscious decision to change [16], or from being conditioned by habit [23]. Inertia is conceptualized as having three dimensions: behavioral-based inertia, cognitive-based inertia, and affective-based inertia [11]. Behavioral-based inertia is when individuals continue to use the brand in the past and continue to do so and becomes a habit. Cognitive-based inertia is when individuals continue to use a brand consciously, believing it may be the best or most effective brand. Affective-based inertia is when individuals continue to use a brand because they are happy and comfortable with it, then they feel they have a solid emotional bond with the brand and find it difficult to switch.

From several studies that have been described previously, there is still a gap to conduct research by testing the inertia-forming factors in a more specific characteristic category. This study sought to find out the behavior of the millennial generation and their application to the ride-hailing industry. Therefore, this study aimed at determining the factors that form customer inertia in the online transportation service industry in Indonesia.

2. METHODS

The research method used was a survey method with data acquisition of Go-Jek and Grab online transportation services users in the City of Tasikmalaya taken through questionnaires collected from a sample of the millennial generation population. The minimum sample size used in this study was five respondents for each estimated parameter. This study had 17 estimated parameters; thus, the minimum size of respondents was 85 respondents. However, to increase the level of accuracy, the sample size taken in this study used a minimum limit of 100 respondents.

The data analysis technique used in this study was Confirmatory Factor Analysis (CFA) by examining the reflection of the customer inertia dimensions consisting of behavior, cognitive and affective. The sampling technique used was the purposive sampling method that established specific criteria that must be met by users of Go-Jek or Grab online transportation services in Tasikmalaya City. The data collection method used structured questionnaires consisting of close-ended questions. The scale used in closed questions was a bipolar adjective scale, a refinement of the semantic scale.

3. RESULTS AND DISCUSSION

The data obtained were as many as 174 users of Go-Jek and Grab in Tasikmalaya City. The data collection results on respondents' characteristics based on gender from the total number of respondents quantitatively were dominated by women in the amount of 78.4%. The profile of respondents regarding age was quantitatively dominated by students aged between 18-25 years who were the youngest generation of the millenial generation, reaching 86.74%, with a job as a student, which was 67.8%. Measurement model show by Table 1.

<table>
<thead>
<tr>
<th>Table 1. Measurement model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable</strong></td>
</tr>
<tr>
<td>Customer Inertia</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
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<td></td>
</tr>
</tbody>
</table>
Table 1 shows that the loading factor value meets the criteria (> 0.5), with a Construct Reliability value (> 0.6), which has fulfilled the requirements and can explain the latent variables it forms. For the variance extracted value, almost all variables have met the minimum requirement of more than 0.50. Thus, it can be concluded that the instrument used for this research was good.

The tested model will be considered good or satisfactory if the chi-square value was low based on probability with a cut-off value of p > 0.05. Based on the calculation results, the chi-square value was 401.4; therefore, the tested model was good or indicated an acceptable fit between the model and the data. In addition, the estimation results of each measurement for each dimension also showed a value that can be accepted well. The lowest CR value for each measurement item was on the measurement of the behavior dimension, namely “no option” with a CR value of 2.705, which is still more significant than the cut-off value (2.58).

From the results of the analysis that has been done, it can be said that customer inertia can be reflected by customer behavior which includes usage habits, consideration of sacrifices to move (lazy to switch), and limited choices. Habits are the primary basis for forming inertia in terms of behavior. Consumers who habitually use products that meet their needs will persist and not switch [11]. Habits are also related to laziness which makes a person persist in using a product and ignore other options offered by competitors [24]. Furthermore, when there is no other choice, consumers will continue to use a product despite disappointment in its use [13]. Secondly, the customer's inertia can be reflected by the cognitive factors of the customer, including the ease of using the service and being willing to continue using the service. The ease of using the product and continuous use of the product can create a sense of comfort for consumers [11], strengthening inertia from the cognitive aspect. Lastly, customer inertia can also be reflected by the customer's affective factors, including feeling comfortable when using and feeling happy ([11]) to always use online transportation services, both Go-Jek and Grab, especially in Tasikmalaya City.

4. CONCLUSIONS

Customer inertia is a condition that reflects the reluctance of consumers to leave the products/services they use, even though they are given a new alternative that is similar and better. Customer inertia can be formed by the customer's behavior, cognitive, and affective factors. When a customer responded with positive behavior, good cognitive capture, and good affective understanding, inertia would be created. In addition, there are limited research objects that focus on online transportation service industry customers, so it is recommended for further research to take a more comprehensive object of research to examine the model in more depth and obtain comprehensive results.

REFERENCES


The Effect of Post-usage on Customer Loyalty: The Mediating Role of Satisfaction

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ABSTRACT
The purpose of this paper was to investigate how post-usage effects customer loyalty in the context of mobile banking, as well as the function of satisfaction as a moderating factor. For these goals, research hypotheses based on content analysis of prior studies were established and tested among 100 Indonesian consumers of mobile banking services. The actual results of regression analysis revealed that post-usage had a favorable and significant impact on consumer loyalty. Furthermore, satisfaction mediates the association between post-usage and client loyalty. These results provide an important contribution to the literature on post-usage customer and customer loyalty and satisfaction by offering clear direction to the bank's management on how to effectively use post-usage and customer satisfaction to increase customer loyalty.

Keywords: Customer Loyalty, Customer Satisfaction, Post-Usage.

1. INTRODUCTION
The foundation for a business is centered on building and maintaining strong customer loyalty, which has resonated with corporate performance and sustainability. Customer loyalty is defined as repeat purchases and referrers of a firm to other customers. Diverse banking service models have revealed the important antecedents that impact client loyalty in order to secure customer loyalty [1]. By providing non-cash transaction instruments, banking digitalization services are leading to a cashless world. Banks have been vying to provide digital services or goods that are positively welcomed by customers. Banking is one industry that places a high value on marketing performance in order to track developments in consumer attitudes and behavior [2]. These phases of knowledge, beliefs, and actions are often tracked using awareness, attitudes, and usage indicators. They are strongly connected to what is known as the hierarchy of effect. The purchase and use of a product by a customer is at the top of the use hierarchy. Purchase patterns and loyalty can be used to assess marketing performance at this level [2]. Over the past 20 years, research on the marketing performance of e-banking services has focused on customer loyalty show by Table 1 as follow:

Table 1. Marketing Performance Research Trends on E-Banking Service (Indexed Scopus)

<table>
<thead>
<tr>
<th>Year</th>
<th>Marketing Performance</th>
<th>%</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2018</td>
<td>Customer Loyalty</td>
<td>85.5</td>
<td>[3-10]</td>
</tr>
<tr>
<td>2001-2016</td>
<td>Brand Equity</td>
<td>3.2</td>
<td>[11-12]</td>
</tr>
<tr>
<td>2003</td>
<td>Customer Retention</td>
<td>1.6</td>
<td>[4]</td>
</tr>
<tr>
<td>2008-2021</td>
<td>Word of Mouth</td>
<td>8.1</td>
<td>[13,9,14,15]</td>
</tr>
<tr>
<td>2014</td>
<td>Customer satisfaction</td>
<td>1.6</td>
<td>[16]</td>
</tr>
</tbody>
</table>

Previous study defines consumer loyalty to e-banking services as being 70.1 percent impacted by post-usage behavior, and it was then proposed that following research may go more thoroughly into the other independent factors outside the regression model [17]. Customer satisfaction is a recently recognized metric that has a link with customer loyalty, both as an independent variable and as a mediator [18-21]. The purpose of this study was to explore how customer satisfaction moderates the influence of post-usage behavior on customer loyalty.

1.1. Post-Usage Behavior
The fundamental cause of sales frequency is the amount of product consumption, which is represented by the dimensions of 1) temporary storage of the product, with the following signs; 2) permanently
getting rid of the product, and 3) utilizing the product to perform its intended function. Customers may get concerned about the items after acquiring them, or they may learn about the benefits of competing brands, and they may become aware of additional facts linked to their purchase choice. Then, marketing communication techniques should combine belief and assessment to enhance customers' decisions and make them feel at ease with the businesses. As a result, marketers' jobs do not end with the sale. Marketers should also pay attention to post-buy items since client retention after purchase is a complex process that is critical to a company’s success [22-24]. Customers will be satisfied (if the performance exceeds expectations) or dissatisfied (if expectation surpasses the performance) [25,26]. The degree of satisfaction is used to differentiate between perceived performance and expectations. This encourages the producer to pay closer attention to client behavior after purchase. Attitudes and consumer behavior toward products and services are shaped by prior experiences. Customer attitudes are established as a result of direct product encounter and impressions. Customers that are pleased with the product/service are more likely to be supportive, and vice versa. Customers have stronger views about things they have utilized in the past rather than depending just on advertisements. Loyalty, product switching, additional pay, external and internal environmental reactions to problem-solving are the theoretical characteristics of post-purchase behavior [27,28]. In the banking industry, post-usage behavior is inextricably linked to service quality. The measures of e-banking service quality include dependability, environment, and empathy [29].

In the Islamic banking industry, however, the measures of e-banking service quality include compliance, assurance, dependability, empathy, and responsiveness [30]. E-banking is a critical service for gaining consumer loyalty. This may be accomplished through achieving higher levels of satisfaction such as being approachable, trustworthy, practical, and valuable [31]. Performance expectations, facility condition, hedonic motivation, value price, habit, system quality, service quality, and benefit are the characteristics of post-usage behavior for mobile banking study [32-35].

1.2. Customer Satisfaction

Satisfaction refers to a person's sentiments of joy or disappointment when comparing the perceived performance (or outcome) of a product to expectations [36]. When customers utilize a service, they will have certain expectations about how the product will work: 1) Better than expected, so that customers are happy; 2) As predicted, so that the flavor is neutral, and 3) Worse than anticipated, resulting in dissatisfaction. The disparity between perceived performance and expectations determines the amount of satisfaction. It has become necessary for every organization to monitor and measure customer happiness, and this step may give feedback and input for the formulation and implementation of initiatives to boost customer satisfaction. Quality ratio, confidence, transparency, relatively, fairness, and distinctiveness are the factors of customer satisfaction for mobile banking consumers features [35].

1.3. Customer Loyalty

All marketers want to build great customer relationships, and these ties have been identified as the key to long-term marketing success. When your business is competing fiercely and your profit is declining, the most important action that businesses must do is to retain clients. Several factors should be considered by businesses in order to build great customer connections. To build client loyalty, consider the following four factors: 1) Interacting with consumers; 2) Creating a customer loyalty program; 3) Individualizing the market by treating customers as clients; and 4) Establishing institutional relationships [37]. The frequency of the program and the club membership program are two indications that may be used to evaluate the development of a loyalty program. The frequency program is managed by rewarding clients who consistently buy in big amounts. Furthermore, businesses can establish institutional relationships with customers by utilizing specific equipment or computer linkages that assist clients in managing orders, payroll, and inventory.

Customer perceived behavior, such as loyalty, may be defined as the frequency with which services in a certain category are used in comparison to the overall number of services given [22]. Loyalty may be defined as consistent behavior that is displayed over time and is influenced by the psychological process and brand proximity [38]. As a result, it has been identified as a vital aspect in establishing success and sustainability [9]. When a corporation makes mistakes while servicing consumers and effectively resolves them, this has an effect on client loyalty [39]. Loyalty develops as a result of service use and can be influenced by past encounters with the provider [40]. Customer loyalty in utilizing e-banking services is demonstrated by not switching accounts, transacting intensively, regularly using the services, providing information to the service provider, behaving normally, and gladly promoting others [41,42,27,43]. To increase customer satisfaction, online businesses should focus on delivering convenience services [44]. One of the essential contributions that may concentrate their attention on the moderators to ensure a consistently great service experience and promote customer engagement is creating a positive service experience [45]. Transactional services and pre-
purchase services influence the navigation experience [46]. Online auctions are complicated processes, particularly in terms of inducing purchase and repurchase intents, and both buyers and sellers employ sophisticated utilitarian and hedonic techniques to developing purchase and repurchase intentions [47]. Online retailers can more accurately forecast their consumers’ future actions, guiding asset management and gamification marketing operations [48]. The aspects of customer loyalty for mobile banking customers include reuse, intensity, willingness, and feedback [15,13,35]

2. METHODS

2.1. Hypothesis

The study design was used to tackle research difficulties in the rate of customer satisfaction as mobile banking users in the epidemic age [49]. The causal design was employed in the investigation. It is intended to collect data and construct a data structure that will help researchers to understand cause-and-effect correlations in the research variables. [50]. The goals of causal research are to: 1) comprehend the independent and dependent factors on the marketing phenomena, 2) determine the link between the cause-effect variables, and 3) test the causal variable relationship hypothesis [50]. According to the evaluation of literature, this study was based on the grand theory of marketing management; post-usage behavior, customer happiness, and customer loyalty, show by Figure 1 as follow:

![Figure 1. Research Framework](image)

Figure 1. Research Framework

Resources: [18,51,20,21]

The reasoning above leads, therefore, to the main hypotheses of our formulation:

- H1 (a). Increases in customer satisfaction lead to increases in post-usage behavior.
- H2 (b). Increases in customer loyalty lead to increases in customer satisfaction.
- H3 (c). Increases in customer loyalty lead to increases in post-usage behavior
- H4 (c’). Increases in customer loyalty lead to increases in post-usage behavior that mediates customer satisfaction.

2.2. Sample and Data Collection

According to a latest survey, mobile banking is a popular e-banking option [20]. This study's demographic consisted of consumers who have used mobile banking services at least once. The population limit in the unit of analysis in which the customer functioned as an individual was supplied by the researchers. In this study, the observation unit was the Indonesian mobile banking user. The sample size formula, N = 50 + 8i, relates to the number of independent variables (i is the number of independent variables) [50,52]. According to 50 + 8 (1), the number of samples chosen was at least 58 consumers. Researchers increased the confidence interval by adding 100 users to decrease study mistakes. In this investigation, the degree of confidence was set at 95%

Primary and secondary data were used in this investigation. A survey is the method used to gather data in a causal research design. It is a method of gathering data from a sample by employing a structured questionnaire. Primary data were gathered through the distribution of questionnaires to respondents, while secondary data were gathered through references. Because of the interdependence of the factors, marketing research is deemed complicated. In this study, regression analysis was used to analyze the data. Regression analysis is an adaptable and strong analytical technique for modeling the effects of independent factors on the dependent variable. Regression analysis can combine two primary objectives: 1) predicting the dependent variable from the independent variable; and 2) comprehending the link between the dependent and independent variables. SPSS was used to analyze the data using the causal steps technique.

To fulfill the criteria for data analysis utilizing regression analysis, an interval scale was used. It enabled the researchers to do mathematical computations on the information gathered from respondents. Because the Likert scale was employed to gauge customer opinions in marketing research, the measurement does not have a zero value. It is a scale on which respondents are asked if they agree or disagree with a seen item. It typically falls into the following categories: highly agree, agree, neutral, disagree, and strongly disagree. To minimize confusion when evaluating and interpreting the title sentence and study variables, the variables were referred to as post-usage behavior (independent variable), customer satisfaction (moderating variable), and customer loyalty (moderating variable) (dependent variable).
3. RESULTS AND DISCUSSION

3.1. Mobile Banking User Profile

Mobile banking that is popular with users in Indonesia is BNI with the following 17.5% BCA, 12.5% Permata, 9% BRI, 7.5% Mandiri, 2.5% BTN and 2% BSI. The survey results in the study found that mobile banking services transactions were used for 2.5% debit, 10% payment, 5% purchase, 7.5% other product or services, and 75% money transfer.

Mobile banking users in this survey were Millennial Generation with the following 11.5% X-Generation and 7.5% Y-Generation. Furthermore, the survey results in the study found that mobile banking users as 75% employees, business people 5%, and 20% students. Based on figure 1, it is known that 2.5% of users have been using mobile banking for 13 years. This is very informative and relates to research on customer loyalty. Figure 2 show mobile banking user in Indonesia.

Figure 2. Mobile Banking User in Indonesia

3.2. Research Variable Description

Post-usage behavior for mobile banking users in Indonesia shows the highest category with a total score of 22026. The extent to which customers do post-purchase analysis is determined by the importance of the service decision and the experience gained in utilizing the service. Mobile banking users show post-usage behavior with performance expectations, hedonic motivation, habit, system quality, service quality, and benefit. User does not feel that they receive value for their money and facility condition.

The output component of the consumer decision-making model as post-usage behavior are trust and loyalty. Customer loyalty for mobile banking users in Indonesia shows the high category with a total score of 6477. In this case, the dimensions that support the high level of customer loyalty are reuse, intensity, and willingness. However, it is undeniable that the dimension feedback is valid even at a lower level.

Furthermore, to measure how satisfied the customer was with the relevant attributes of the mobile banking service in Indonesia and the relative importance of these attributes. Research shows that customers indicated they are delighted with a total score of 14534. Mobile banking users show customer satisfaction with confidence, transparency, relative fairness, and distinctive features. However, it is undeniable that the dimension quality ratio is valid even at a lower level.

3.3. Hypothesis Testing Result

To measure increases in customer satisfaction lead to increases in post-usage behavior, using the following formula CS = i₀ + a PUB + e₁ = -10,745 + 0,825***PUB + e₁ The results of H1 (a) indicate that the research hypothesis is accepted.

To measure increases in customer loyalty lead to increases in customer satisfaction, using the following formula CL = i₁ + b CS + e₁ = 4,889 + 0,378***CS + e₁. The results of H2 (b) indicate that the research hypothesis is accepted.

To measure increases in customer loyalty lead to increases in post-usage behavior, using the following formula CL = i₂ + c PUB + e₂ = -0,908 + 0,329***PUB + e₂. The results of H3 (c) indicate that the research hypothesis is accepted.

To measure increases in customer loyalty lead to increases in post-usage behavior mediating of customer satisfaction, using the following formula CL = i₃ + c’ PUB + b CS + e₄ = 2,700 + 0,052***PUB + 0,336***CS + e₄. The results of H4 (c’) indicate that the research hypothesis is accepted. Hypothesis testing result show by Figure 3 as follow:

Figure 3. Hypothesis Testing Result

The magnitude of the mediation effect in the form of an indirect effect of post-usage behavior on customer loyalty through customer satisfaction (a)(b) = (0.825) (0.378) = 0.312. The standard error value of the regression coefficient a or sa = 0.041 and the standard error value of the regression coefficient b or sb = 0.014. The direct effect of post-usage behavior on customer
loyalty is greater than through the mediating variable of customer satisfaction.

4. CONCLUSIONS

Based on the results of data analysis, significant increases in customer loyalty lead to increases in post-usage behavior that mediates customer satisfaction. Finally, this research model can be carried out in different units of analysis. This research is only limited to the unit of analysis of banking services; it is recommended that further research can be conducted in different units of analysis, e.g., the manufacturing companies.

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The Influence of Complaint Handling and Service Recovery on Customer Satisfaction, Customer Loyalty and Customer Retention

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ABSTRACT
This research aimed at defining the concepts of "complaint handling" and "service recovery" and finding out their influence on customer satisfaction, loyalty, and retention. A systematic literature review was used as a research methodology to reach these goals. Based on the literature review, a model of the influence of complaint handling and service recovery on customer satisfaction, customer loyalty, and customer retention, was developed and described. The analysis of previous studies showed that customer satisfaction was highly affected by complaint handling and service recovery. The other two variables: customer loyalty and customer retention, did not directly correlate with complaint handling and service recovery. However, based on reviewed articles, it can be seen that the influence of complaints handling on customer loyalty could be mediated by customer satisfaction; the loyalty of customers was significantly affected by the level of customers' satisfaction. Meanwhile, another variable - customer retention was highly affected by customer satisfaction and customer loyalty. Therefore, it also had an indirect correlation with complaint handling and service recovery.

Keywords: Complaint Handling, Customer Loyalty, Customer Satisfaction, Customer Retention, Service Recovery.

1. INTRODUCTION

There is always a possibility that the company might face a service failure and customer complaint in its performance. Avoiding service failure and consumer complaints is almost impossible [1]. As proven many times before, an organization's ability to handle customer complaints properly and use them for service recovery plays a significant role in its functioning [2].

The question of complaint handling and service recovery is becoming more critical with the development of technology and communication because it increases the negative risks of customer complaints and the importance of effective firm recovery [3]. On average, one complaint posted online is read by 825 other consumers [4]. According to Customer Rage Survey 2020, customers with complaints are increasingly using email, live chat, and social media, which causes a bigger challenge than in the past for companies to address customer complaints.

The company's complaint handling can significantly affect the customers' level of loyalty and satisfaction [5]. Moreover, proper complaint handling can be an effective tool to generate more excellent retention of customers. It raises the importance of academic research in this field.

There are different studies dedicated to complaint handling and service recovery. The purpose of this paper is to make a literature review of some previous papers in order to define concepts of "complaint handling" and "service recovery" and find out the influence of these concepts on customer satisfaction, customer loyalty, and customer retention.

The research objectives of this paper are:
1. To find out the influence of complaint handling and service recovery on customers' satisfaction;
2. To find out the complaint handling and service recovery on customers' loyalty;
3. To find out the influence of complaint handling and service recovery on customers' retention.

2. METHODS

This paper used literature review as a research method. A systematic literature review was used to answer a research question of the paper and to receive reliable findings. A systematic literature review was chosen as a research method because it aimed to identify and critically appraise relevant research and collect and analyze data from said research [6].

Complaint handling and service recovery are related concepts learned as one phenomenon.

The research questions of this paper were:

1) Do complaint handling and service recovery impact customer satisfaction?
2) Do complaint handling and service recovery impact customer loyalty?
3) Do complaint handling and service recovery impact customer retention?

The variables, namely customer satisfaction, customer loyalty, and customer retention, characterize the successful performance of the company: the longevity of a client's relationship with a product and/or service provider [7], the development of sustainable competitive advantages of service companies [8] and the level of customer perceived value and perceived quality of the product [9].

3. RESULTS AND DISCUSSION

3.1. Complaint handling

There are various definitions of "complaint". It is a customer-initiated expression of dissatisfaction to the company [10].

When customers encounter service failures, the range of their possible actions is wide (Fig. 1).

Depending on personality, some customers take public actions: they complain to the service firm (that is preferable), they complain to a third party, or even take legal action. Some customers can take private actions such as switching providers or telling others about their unpleasant experiences (WOM). At the same time, some customers do not take any action [11].

Among all these three, Public Action is the most preferable for the company because it allows the company to detect the system's failure and fix it.

3.2. Service recovery

The ability of the system to recover shows the company's ability to develop and be profitable [14]. Recovery refers to a company's actions in response to the failure to keep the customer's goodwill [10].

Gelbrich & Roschk (2011), in their paper, built the model of service recovery (Fig. 2) that includes several variables. The model shows the principles of service recovery and the influence of organizational response and customers' justice perception on customers' satisfaction and their behavior. Organizational responses, such as compensation, lead to Distributive justice and helps to increase the loyalty of customers' positive recommendations. Good employee behavior leads to interactional justice and increases customers' satisfaction level, which helps keep their loyalty and positive WOM. Organizational procedures help to increase procedural justice that also positively influences customers' satisfaction.

Figure 1: Day and Landon's (1977) Classification of Consumer Complaint Behavior [11]

There are also different reasons for customers to complain. Wirtz believes that overall, customers have four reasons to complain: a) obtain restitution or compensation; b) vent anger; c) help to improve the service; d) for altruistic reasons — to help other customers [12]. To handle complaints, companies develop complaint management, which could be described as how companies manage, act, respond to and, afterward, report customer complaints [13].

The justice perception of customers is the most critical factor in service recovery. Service recovery has four main attributes, namely: compensation, response speed, apology, and recovery initiation, that affect this justice perception, that has three dimensions such as distributive, procedural, and interactional.

Distributive justice refers to the perceived outcome of the customer in exchange for their complaint, while interactional justice refers to how customers perceive the way they are treated [16]. Procedural justice refers to how the complainant perceives policies, regulations, and time spent in the complaint handling process [17].

These three dimensions impact the service satisfaction of customers, which, in turn, influences customer behavior [16].

### 3.3. Customer satisfaction

Customer satisfaction can be defined as an overall evaluation based on the purchase and consumption experience made by the customers of a good or service over time [9]. The research question of many academic papers was the influence of complaint handling and service recovery on customer satisfaction. This paper built a customer satisfaction model with service failure/recovery encounters (Fig.3), which shows the strong correlation between complaint handling, service recovery, and customer satisfaction.

According to this model, the recovery attributes can differ depending on the type and magnitude of failure. It includes compensation, response speed, apology, and initiation. If the company takes these steps, it will be considered fair and positively influence customers’ satisfaction. If there is no response from the company to the system's failure, it will also impact customers; however, it will be negative.

![Figure 3: A model of customer satisfaction with service failure/recovery encounters](image)

Another paper by [19] has shown the strong impact of the customer's complaints' handling on customers' satisfaction. The research of five banks in Jordan showed that complaint handling is essential because it provides information that can improve the service and resolve dissatisfaction issues. The dimensions of complaint handling such as service recovery, service quality, switching cost, service failure, service guarantee, and perceived value affect customer satisfaction and performance of the whole organization.

Recent research of complaint handling and service recovery by [5] in Malaysia's hotel industry has shown that service recovery as a complex process positively affects customer satisfaction. In addition to dimensions of service recovery by [5], [19] highlighted other dimensions of service recovery, namely distributive justice, procedural justice, and interactional justice.

### 3.4. Customer loyalty

Customer loyalty has received attention in due to its contribution to creating a sustainable competitive advantage for service organizations [8]. Customer loyalty can be defined as an intensely involved commitment to consistently re-buy or re-patronize goods from the same service providers in the future [5].

According to [8], customer satisfaction is essential for customer loyalty. Considering that we have found that customer satisfaction is affected by complaint handling and service recovery, it is possible to deduce the influence of service recovery on customer loyalty.

Reference [20] examined the effect of customer complaints handling on customer loyalty in public sector banks owned by the government in Jakarta, Indonesia. The research confirmed that customer complaints handling has a positive effect on satisfaction. It added that the handling of customer complaints does not affect customer loyalty. However, the influence of complaints handling on customer loyalty can also be mediated by customer satisfaction, showing a positive relationship.

### 3.5. Customer retention

There are different approaches to defining customer retention. This paper views customer retention as customers’ stated continuation of a business relationship with a firm [7]. Reference [7] showed the significant impact of customer satisfaction and customer loyalty on customer retention. Because these two variables are significantly affected by complaint handling and service recovery, it can be concluded that customer retention is also affected by complaint handling and service recovery.

The paper of [19] has investigated the relationship between customer retention, customer satisfaction, and customer relationship management. This research found...
that customer satisfaction has a significant impact on customer retention and complaint handling as part of customer relationship management. Poor quality of service and a low level of complaint handling can lead to poor customer satisfaction, which results in a decrease in customer retention.

Another paper by [21] examined customer retention and how it was affected by customer feedback in South-Eastern Nigeria. Using SPSS in analyzing 300 questionnaires, it was found that customer feedback, including complaints and complaints handling processes, could improve the company’s performance. The findings revealed that complaint management influenced customer retention. Moreover, the study revealed that effective complaint handling positively affected loyalty and customer satisfaction, which positively affected customer retention.

Based on the literature review of [1], [5], [18-21] it was found that customer satisfaction was highly affected by complaint handling and service recovery. Customer loyalty and customer retention did not directly correlate with complaint handling and service recovery. However, the influence of complaints handling on customer loyalty could also be mediated by customer satisfaction showing a positive relationship. Customer retention was highly affected by customer satisfaction and loyalty, which indirectly correlated with complaint handling and service recovery.

These findings allow building a model of the influence of complaint handling and service recovery on customer satisfaction, loyalty, and retention (Fig.4).

![Figure 4](image)

**Figure 4:** A model of the influence of complaint handling and service recovery on customer satisfaction, customer loyalty, and customer retention

This model showed that complaint handling and service recovery significantly influenced customer satisfaction. Customer satisfaction is a mediating variable between complaint handling, service recovery, and customer loyalty. In comparison, customer satisfaction and customer loyalty were influenced by complaint handling and service recovery and affected the retention of customers.

4. CONCLUSIONS

The purpose of this paper was to make a literature review of some previous papers to define the concept of “complaint handling” and “service recovery” and find out the influence of these concepts on customer satisfaction, customer loyalty, and customer retention.

Based on the literature review, a model of the effect of complaint handling and service recovery on customer satisfaction, customer loyalty, and customer retention was built. This model showed that among all three variables, customer satisfaction was significantly influenced by complaint handling and service recovery. Customer loyalty and customer retention indirectly correlate with complaint handling and service recovery, which means that these two variables were also affected by the company’s ability to handle complaints and service recovery.

AUTHORS’ CONTRIBUTIONS

Zhibek Adzhigalieva, Ratih Hurriyati, and Heny Hendrayati contributed to the design and implementation of the research, the analysis of the results, and the writing of the manuscript.

REFERENCES


Courier Service Application: Courier Service Quality and Customer Loyalty Mediated by Customer Experience and Customer Satisfaction

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ABSTRACT
Technology in digital platforms of courier service companies developments have improved. This certainly increases the level of competition among courier service providers. The research aimed at evaluating the construct of the Courier Service Loyalty (CSL) model as described by indicators measured from the Courier Service Quality (CSQ) variable related to Timeliness, Quality, Accuracy of Order, and Order Discrepancy Handing, which is associated with the Customer Loyalty (CL) variable through Customer Experience (EX) and Customer Satisfaction (CS). A quantitative method with the PLS-SEM technique was used to test the correlation between constructs of the CSL model. This study used 189 respondents spread across the islands of Java, Sumatra, Kalimantan, Bangka Belitung, Sulawesi and NTT. The results of this study are that all variables CSQ, EX, CS, and CL had an indirect effect in the form of partial mediation. This indicated that another intervening variable appeared, which could be an intervening variable for other models not examined in this study.

Keywords: Courier Service Quality, Customer Loyalty, Customer Experience, Customer Satisfaction.

1. INTRODUCTION
Indonesia's digital economy business continues to grow even during the pandemic. It contributed 54% year-on-year in 2020 to Indonesia's total e-commerce GMV. [1], combined with various home-based online businesses, which increased the growth of the Courier Service Delivery (CSD) business. The number of courier service companies is increasing, and each of them provides varied services. Goods can be shipped in bulk and take a few days for delivery, or real-time delivery for the same time service period, such as SameDay, Instant, and InterCity delivery. The technological developments have already helped in improving the digital service platform of the courier service company to satisfy customers by providing a better quality of services. It affected how customers choose a courier service company, home-based business actors, and marketplace tenants. Based on Central Statistics Agency (BPS) regarding e-commerce 2019, 19.66% of the public have used direct delivery services to customers using online courier services in all provinces in Indonesia. [2].

Based on a search via Google Playstore, more than 20 courier service companies are installed in it. Various products and functions in the application provide convenience and benefits for every customer and business actor, including pick-up and delivery facilities overseas and discount offers and COD (Cash on Delivery) payment system facilities. Therefore, it increases the competition among these courier service companies, including those with only 50 thousand and 10 million customers who installed the application. Unfortunately, the application service's average rating only gets 3 out of 5 stars from customer rating, with reviews dominated by customer complaints. Customers may have more than one application installed, so they could quickly move to another one if they feel disappointed with an application service. One alternative solution to keep customer loyalty is to increase customer satisfaction.

As a third party, courier service companies deal with business customers (B2B) and final customers (B2C), so the courier service must satisfy both parties. For service companies, consumer behavior and experience will be the basis for setting strategic goals [3] and courier service
companies. Based on the explanation described above, this study discusses the Effect of Courier Service Quality and Customer Loyalty mediated by customer experience and customer satisfaction on courier services. The purpose of this study is to determine and analyze the relationship between Courier Service Quality and Customer Loyalty mediated by customer experience and customer satisfaction in courier services.

### 1.1. Courier Service Quality (CSQ)

Changes in service quality are constantly changing, except for the price. These changes are related to technology, rapidity, convenience, packaging [4], and the development of technology and courier service applications. The advances in technology improve the quality of service, which ultimately satisfies customers [5]. So that it has appropriate product service quality standard, quantity, condition, place, time, customer, and price [6]. Bienstock et al. (1997) measured the quality of physical distribution services (Physical Distribution Service Quality/PDSQ) by using timeliness, availability, and condition. PSDQ is a type of logistics service which includes transportation activities, facility structure management, inventory management, and material handling [7]. The three components of the PDS are availability, timeliness, and quality, which can be referred to as the LSQ component.

Mentzer et al. (2001) revealed nine concepts that customers pay attention to, i.e., Personal Contact Quality, Order Release Quantity, Information Quality, Order Procedure, Order Accuracy, Order Condition, Order Quality, Order Non-conformance Handling, and Timeliness [8]. Courier services are the basis of the logistics process organization, whose delivery method can be received from any place and sent to any destination. Nowadays, customers demand high-quality service from courier services. Expected quality is related to timeliness, delivery (delayed delivery), the effectiveness of delivery (number of returns from shippers and refusals to receive goods), and the number of shipping defects and complaints [6].

### 1.2. Customer Experience (CE)

The continuous process of interaction among customers and the company through various communication channels, both functional and emotional directions, will result in a customer experience [3]. In the digital era, it is crucial to integrate digital (platforms that support the market for goods and services, including information services), physical (a variety of things or functions related to comfort and convenience), and social (interaction) to achieve a holistic customer experience, in the form of cognitive, emotional, Sensory, Social (Relational) and Value (lifestyle, spiritual) [9]. Klaus and Maklan (2013) introduce the scale of Customer Experience Quality (EXQ). The EXQ dimension comprises service experience, outcome focus, moments of truth, and peace of mind. These four dimensions can be easily adapted by different types of service providers [3]. Service Experience refers to the customer's perception of having a choice of multiple alternatives and the ability to compare offerings from service providers. Outcome focus refers to the customer's attitude towards the number of transaction costs and how service providers help in reducing them. Moments-of-truth refers to risk management and service recovery procedures and the flexibility of service providers in dealing with customers once complications occur. Peace-of-mind refers to assessment by the customers of all their interactions with service providers before, during, and after service [3], [10].

### 1.3. Customer Loyalty (CL)

Customer loyalty is an alignment among elements of attitude, behavior, or both that systematically supports or benefits one entity compared to its competitors [11][12]. Element of attitudinal loyalty is the fulfillment of pleasant service, impact on influence, preference, and warmth. The element of behavioral loyalty is a repeat purchase that comes from desire. This behavioral loyalty can be in the form of Purchase, repurchase, repurchase intentions, retention, return [12].

Many studies on customer loyalty conduct measurement through behavioral loyalty dimensions, such as word-of-mouth communication (WOM), purchase intentions, and price insensitivity. WOM can be in the form of face-to-face WOM (fWOM) or electronic WOM (eWOM), such as Facebook, Twitter, WhatsApp, and other electronic media where social relations networks are located. [13]. According to Krishnan (2020), these dimensions are most often used to measure customer loyalty. In addition, customer loyalty must be measured by actual purchasing behavior because behavioral intentions are only predictions, not actual loyalty behavior. [11]. Meanwhile, attitudinal components such as perceived value, satisfaction, trust, and commitment are seen as antecedents of customer loyalty [14]. Word-of-mouth communication can be in the form of saying positive things, sharing experiences, and providing recommendations.

### 1.4. Courier service quality, customer experience, customer satisfaction, and customer loyalty

In this study, courier services are related to the use of information technology in these services, which service quality has a positive and significant effect on customer satisfaction [15]. Customer loyalty could be achieved if service quality can be maintained to achieve a sustainable business. Customer loyalty is influenced by customer
satisfaction, and the antecedent of customer satisfaction is LSQ [16]. Service quality in the courier service is part of the LSQ. Customer satisfaction has positive and significant effects on customer loyalty [15]. The LSQ is related to the level of customer satisfaction in services and also to the level of customer loyalty in the context of SCQ [17]. Customer experience management builds customer loyalty (attitudes) and leads to repetitive buying behavior [18]. Roy et al. (2019) stated that in the B2B service quality, research results showed that service experience on B2B customers has a more substantial influence on satisfaction and ultimately impacts B2B customer loyalty and words of mouth [10]. Based on previous studies, the following hypotheses are proposed:

H1: CSQ has a positive effect on EX
H2: CSQ has a positive effect on CS
H3: CSQ has a positive effect on CL mediated by EX
H4: CSQ has a positive effect on CL mediated by CS
H5: CSQ has a positive effect on CL mediated by EX and CS

Based on the hypotheses above, the construct model of the Courier Service Loyalty (CSL) from this study show by Figure 1 as follows:

**Figure 1. Construct Model of Courier Service Loyalty**

Based on the construct model in Figure 1, the variables, parameters, and indicators are arranged to measure customer loyalty to courier services based on these CSQ, EX, CS, and CL variables. CSQ is an adaptation of LSQ measurement, Ho et al. (2012) divided CSQ into four dimensions [19], as described in Table 1:

- Timeliness, including the timeliness of taking and sending orders to the customer according to the promised location
- Accuracy of order, including delivery of the customer's order on arrival (right item, correct item quantity, lack of item damage) and exact order address
- Quality, including quality of information, quality of contact personnel: courier contact and customer care
- Order discrepancy handling, including the efficiency and effectiveness of delivery procedures and problem handling

Table 1 show parameter, and indicator measurements of the courier service customer loyalty as follow:

**Table 1. Variable, Parameter, and Indicator Measurements of the Courier Service Customer Loyalty**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Parameter</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courier Service Quality (CSQ)</td>
<td>Timeliness (TL)</td>
<td>The total score of this model uses a 5-point Likert scale.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Frequency of receiving late shipments (TL2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promised duration of delivery of goods (TL3)</td>
</tr>
<tr>
<td>Quality (QL)</td>
<td>Goods Tracking (QL1)</td>
<td>Customer service contact information in case of a problem (QL3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Frequency of having problems with sending wrong goods (AO1)</td>
</tr>
<tr>
<td>Accuracy of Order (AO)</td>
<td></td>
<td>Ease of delivery order request procedures (OH1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ease of complaint handling procedures (OH2)</td>
</tr>
<tr>
<td>Order discrepancy Handling (OH)</td>
<td></td>
<td>Ease of handling complaints on the number and items received (OH3)</td>
</tr>
</tbody>
</table>
| Customer Experience (EX)  | Customer perception of having many alternative options and the ability in comparing offers from service providers | Choosing a courier service among other courier services (EX1)
|                           |                         | Receiving profit/promotion offers from courier services (EX 2)              |
|                           |                         | Courier service provides what is needed quickly (EX 3)                     |
|                           |                         | Secure and well-known courier service (EX 4)                               |
There were two types of data in this research, primary and secondary data. Primary data were obtained from the distribution of questionnaires comprised of two parts: Part A described customer profiles in using courier services, while Part B was measurement indicators from the construct model. Meanwhile, secondary data was obtained from references and various information, including reviews on Google Playstore.

Part A was a general question about the type and length of use of the service from the company used. Part B focused on the relationship of CSQ to CL mediated by CE and CS. Each construct was measured using a Likert Scale, with a point value of SD (Strongly Disagree); D (Disagree); SwA (Somewhat Agree); A (Agree); and SA (Strongly Agree).

3. RESULTS AND DISCUSSION

3.1. Characteristics of respondents

Data analysis results of the questionnaires are presented in Table 2. Respondents were distributed in 28 regions, both cities and regencies: West Java, Jakarta, Central Java, East Java, South Sumatra, East Kalimantan, Banten, Bangka Belitung, North Sumatra, Riau, South Sulawesi, and East Nusa Tenggara/NTT, which dominated by West Java and Jakarta. All respondents used more than one courier service application, wherein MyJNE and J&T Express were preferred for more than 50% by customers, followed by Gosend. Various purposes in using courier services selected by customers, such as sending personal items or souvenirs, sending ordered goods (merchandise), and sending work-related goods (documents and others), which all needs are part of the importance for courier services. It shows that courier services were not only used for e-commerce but also personal needs and sending goods in a customer-friendly environment. Although in terms of frequency, most of them still notice the urgency of the need in using courier services, while 61.4% of them only use 1-3 times a month. Probably, it was influenced by tariffs (63% choose the service Rp. 0 – Rp. 25,000). For instance, customers get free shipping or discounted courier services from several e-commerce services. It considered that customers were quite sensitive to the prices imposed by each courier service. Based on the courier service application often used, out of the 12 courier service application companies, Gosend, J&T express, and MyJNE were the most accessed by customers, as described in Table 2.

Table 2. Characteristics of Respondents

<table>
<thead>
<tr>
<th>Profile of Respondents</th>
<th>Number of Resp.</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domicile City:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bandung</td>
<td>95</td>
<td>50.3</td>
</tr>
<tr>
<td>Jakarta</td>
<td>27</td>
<td>14.3</td>
</tr>
</tbody>
</table>
### Assessment of the Measurement Model

Before testing the hypothesis, each CSL variable and indicator in Figure 1 were tested. Based on the construct model tested in Figure 2, the average block VIF (AVIF)=2.205 and Average full collinearity (AFVIF)=2.391 have a value below or not equal to 3.3 (<= 3.3), so that the model does not have multicollinearity and fit. Based on the measurement of Goodness of Fit Test that Average path coefficient (APC)=0.453, P<0.001; Average R-squared (ARS)=0.519, P<0.001; and Average adjusted R-squared (AARS)=0.519, P<0.001 has P-value below or not equal to 0.05 (<= 0.05) so that the model is Fit; Tenenhaus GoF (GoF)= 0.586, has significant value (> = 0.36), so then it has a great predictive ability.

Based on the loading factor, all indicators in construct CSQ, EX, CS, and CL regarding Table 3 show values above 0.6 (>0.6), meaning it fulfills the reliability indicators criteria. Based on the AVE value, although variable CSQ has a value of 0.486, the other variables had a value above 0.5 to fulfill the criteria of convergent validity. Likewise, the composite reliability value resulting from each construct was above 0.7; thus, it fulfilled internal consistency reliability as mentioned in Table 3.

### Table 3. Standardized Regression Weights

<table>
<thead>
<tr>
<th>Variable &amp; Indicator</th>
<th>FL</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courier Service Quality</td>
<td>0.883</td>
<td>0.486</td>
<td></td>
</tr>
<tr>
<td>TL2</td>
<td>0.622</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TL3</td>
<td>0.737</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QL1</td>
<td>0.619</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QL3</td>
<td>0.708</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AO1</td>
<td>0.679</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OH1</td>
<td>0.747</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OH2</td>
<td>0.713</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OH3</td>
<td>0.739</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Experience</td>
<td>0.889</td>
<td>0.573</td>
<td></td>
</tr>
<tr>
<td>CS1</td>
<td>0.930</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS2</td>
<td>0.930</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.873</td>
<td>0.780</td>
<td></td>
</tr>
<tr>
<td>CL1</td>
<td>0.892</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CL2</td>
<td>0.849</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CL3</td>
<td>0.757</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FL=Factor Loadings; CR=Composite Reliability; AVE=Average variance extracted
The estimation results of path coefficient and P-values based on the output in Figure 2 concluded that CSQ had a direct and significant effect on CS (P-value<0.001; path coefficient 0.245). Furthermore, CR had a significant effect on EX (P-value <0.001; path coefficient 0.677). The EX variable directly and significantly affected CL (P-value<0.001; path coefficient 0.326). The EX variable directly and significantly affected CS (P-value <0.001; path coefficient 0.593). CS has a direct and significant effect on CL (P-value<0.001; path coefficient 0.424). Based on P-value and path coefficient, it was found that the effect of CS on CL was significant, resulting from testing on mediating effect can be continued. Path coefficient and p-values construct model CSL show by figure 2 as follow:

Figure 2. Path coefficient and P-values Construct Model CSL

Based on the value of indirect effect and total effect, it can be concluded that CSQ had an indirect and significant effect on CL mediated by EX (P-value <0.001; path coefficient 0.325). Furthermore, CSQ has an indirect and significant effect on CS mediated by EX (P-value <0.001; path coefficient 0.402). EX has an indirect and significant effect on CL mediated by CS (P-value <0.001; path coefficient 0.251). Referring to the indirect effect value, resulted:

- CSQ → CL; VAF = 0.325 / (0.325+0.677) = 0.325 / 1.002 = 0.324 = 32.4%
- CSQ → CS; VAF = 0.402 / (0.402+0.677) = 0.402 / 1.079 = 0.373 = 37.3%
- EX → CS; VAF = 0.251 / (0.251+0.593) = 0.251 / 0.844 = 0.297 = 29.7%

All VAFs have values between 20% - 80%, so the amount of influence of all indirect effects was in the form of partial mediation. Based on the VAF value, it can be interpreted that customer experience and customer satisfaction were partial mediators, namely the elements of each EX and CS variable which categorized as indirect effects with a value of 20-80%. Other intervening variables can be applied for other models, which were not investigated in this research.

Based on the output latent variable coefficients, the value of Adj. R-Squared was obtained for CL variable was 0.495, which means that the influence of CSQ, EX, and CS variables in explaining the variation of the criterion variable by 49.5%, but the remaining 50.5% was influenced by other variables outside this research model. The Adj. R-Squared value for the CS variable of about 0.608, indicating that the influence of the CSQ variable on CS is 60.8%, and the value of Adj. R-Squared for EX variable was 0.455, which means that the influence of the CSQ variable on EX was 45.5%.

3.3. Results and discussion

The CSL measurement model has shown the effect of CSQ on CSL mediated by EX and CS. It proved that customer experience affects satisfaction, service quality affects satisfaction; and satisfaction affects. However, in this CSL model, there was a partial effect on the mediating variable, which indicates that CL is influenced by other variables outside of the CSL model. Liu et al. identify customer experience variables affecting perceived value which in turn affects customer loyalty [22].

CSQ was a significant antecedent to CS but not significant to EX, while EX has significant effects on CS, indicating customer experience was a better predictor of satisfaction and loyalty. CSQ should be able to provide a customer experience that satisfies customers both applying applications and direct interaction, such as physical environment (atmosphere, multisensory, space, and function, as well as signs/symbols/artifacts) as well as human interaction (attitude, professional behavior, proactive service, and socialization). The physical environment and human interaction are crucial elements that influence customer ratings in gaining experience to positively impact loyalty [22]. Courier service applications have to meet the experience in terms of the physical environment (in virtual terms) and human interaction (between customers and couriers). Therefore, courier service applications can provide value and increase satisfaction to increase customer loyalty.

4. CONCLUSIONS

Based on the construct of the CSL model, courier service quality can affect customer loyalty, mediated by customer experience and satisfaction. The partial relationship indicates the existence of other variables which affect customer satisfaction, such as perceived value. Meanwhile, the key elements of the customer experience must be the parameters of the courier service application affecting customer satisfaction and will ultimately impact customer loyalty.
ACKNOWLEDGMENT

We would like to express our deepest gratitude to the School of Postgraduate Studies of Management in Universitas Pendidikan Indonesia, who have facilitated and helped the research from the beginning till its completion.

REFERENCES


IndiHome Customer Loyalty in Bandung: Service Quality and Price

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ABSTRACT
This study aimed to determine the loyalty of IndiHome customers in the city of Bandung in terms of service quality and price. This research can be categorized as explanatory research using survey research designs. The data were collected by survey method on 400 IndiHome customers in Bandung. In measuring the items representing the constructs on a model, this study used multiple linear regression analysis with Cronbach’s alpha for reliability and product-moment correlation for validity. The results showed that service quality and price significantly increased IndiHome customer loyalty in Bandung. This research implies that the company’s quality of service and price are considered good. Still, management needs to be more disciplined and provide direction to employees to be faster and more responsive in serving and handling customer complaints better, especially regarding the timeliness of delivery. So, the company can deal with disruptions to compete and survive in the same industry.

Keywords: Customer Loyalty, Price, Service Quality.

1. INTRODUCTION

Indonesia is the fourth country with the most prominent active internet users globally, reaching 202 million people [1], with a penetration of 73.7% in 2019 or an increase of 8.9% from the previous year [2]. Of all regions of Indonesia, the Java region is the primary source of growth in the contribution of penetration and internet users to the contribution of penetration nationally.

![Figure 1. Internet Penetration Contribution per province in the Java region from Total Penetration 2019-2020][2]

From Fig. 1, the penetration of internet users in West Java increased by 1.3%, Banten by 0.2%, and Central Java by 0.1%. In comparison with the results of the 2018 survey, West Java is still the primary source of penetration growth in Java (APJII 2019-2020, 2021). Most internet usage in West Java is used to access social media [3]. The city of Bandung is the city with the most significant Facebook users in West Java [4].

PT Telekomunikasi Indonesia (PT Telkom) is the only State-Owned Enterprise engaged in Indonesia’s largest telecommunications and network services, Bandung, West Java. It is a challenge for PT Telkom to foster loyalty to consumers and win the competition in the multi-service business. The fulfillment of the need for internet technology is answered by developing products based on meeting the need for internet access; one of the products is Indonesia Digital Home, called IndiHome.

IndiHome is a service from PT Telkom that provides a triple play service package covering communication services such as landline telephones, internet, and interactive television services with IPTV (UseeTV) technology. IndiHome triple play is one of the innovative products tailored to meet the needs of the Indonesian people, who currently cannot be separated from digital technology. This service provides high-speed internet...
connections using fiber optic technology and interactive television services with various educational family entertainment content. IndiHome has won the TOP Brand award for the best Fixed Internet Service Provider category since 2016-2021 [5].

However, since its launch in 2015, IndiHome Triple Play has faced several problems: the failure to provide satisfactory service to consumers (service failure). Service failure occurs when the services received and perceived by customers are not as expected [6]. Based on an interview with the IndiHome Problem Order Handling Division Officer, since the launch of this service, the city of Bandung has had a high level of usage and complaints of the IndiHome Triple Play service. This increase in the number of complaints has decreased customer satisfaction for the IndiHome Triple Play service in Bandung [7].

However, the number of IndiHome subscribers continues to increase. Growth from 2020 to 2021 will increase to 60% in West Java or 872 thousand customers, of which the most extensive penetration is in the Greater Bandung Area [8]. Especially with working (WFH) or learning from home (LFH) related to the Covid-19 pandemic. IndiHome noted a spike in traffic to its internet service users. This increase also occurred in Indihome Interactive TV’s daily viewership, which increased by 3 million people in 2020. Traffic increased 13% at night, while it increased 15% compared to average traffic [9].

According to previous research, the price also plays an essential role in creating customer satisfaction and loyalty. Price is the amount of value charged for a product or the amount of value that customers exchange for the benefits of owning or using the product [10], [11]. Therefore, the price should be followed by the service so that there is no imbalance between them.

Every company must set the right price in order to be successful in marketing its product or service [12], [13] because the price is one of the crucial attributes that consumers evaluate [14]. Consumers under certain conditions are susceptible to price. The price of a relatively higher product than competitors can eliminate the product because, for some people, the price level symbolizes the quality of the products offered [15]. Price affects customer satisfaction, which means that the price is according to customer expectations [16]. In addition to price, quality is a customer consideration in using the company's services. According to [17] & [18], service quality is the expected level of excellence and control over excellence to meet customer desires. Customers will choose to use these services if they are supported by the services provided by the company as expected, and this opinion is the same with [16]. The application of good quality will satisfy customers and, in the end, will make customers loyal. A company is said to be successful. It cannot be separated from the prices and services provided to satisfy consumers and generate loyalty [19].

Several studies have shown that loyalty is influenced by customer experience [21], [24], satisfaction [10], [17], [18], [21]–[24], customer relationship management [21], [25], [26], service quality [11], [17], [18], [22], customer orientation [22], customer social responsibility [27]–[29], switching cost [23], [24] and prices [10], [11], [30]. Thus, it can be said that the perception of service quality has a positive effect on satisfaction [18], [22] and attractive price offers can create customer satisfaction and loyalty [30] and ultimately increase the purchasing decision [31].

Based on the phenomena, theoretical studies, and relevant previous studies mentioned above, the purpose of this research is to determine the loyalty of IndiHome customers in the city of Bandung in terms of service quality and price, with the research model in Fig.2 as follows:

Figure 2. Research Model

2. METHODS

This research can be categorized as explanatory research using survey research designs. The objects of this research are service quality (SQ), price (P), and customer loyalty (CL). The data collection process was carried out in Bandung city with respondents who used IndiHome services. The questionnaire was distributed to respondents using a self-administered survey approach. Screening questionnaires are asked before the questionnaire is submitted to ensure compliance with the expected characteristics of the respondents, and we used a semantic differential scale with 5 points scale.

The sample for this study was 400 respondents who are IndiHome customers in Bandung. The data was collected through an online questionnaire. In measuring the items representing the constructs shown in the research model and table I. This study used multiple linear regression analysis with Cronbach’s alpha for reliability and product-moment correlation for validity.

Table 1. Operationalization of Variables

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality (SQ)</td>
<td>1. Employees provide the promised service immediately.</td>
</tr>
<tr>
<td></td>
<td>2. Employees provide services accurately.</td>
</tr>
<tr>
<td></td>
<td>3. Employees provide excellent service satisfactorily.</td>
</tr>
<tr>
<td></td>
<td>4. Trust PT. Telkom Bandung by making a deposit payment.</td>
</tr>
<tr>
<td></td>
<td>[32]–[35]</td>
</tr>
</tbody>
</table>
Table 2. Respondents Demographic Information

<table>
<thead>
<tr>
<th>Measure</th>
<th>Items</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>232</td>
<td>58%</td>
</tr>
<tr>
<td>Age</td>
<td>21-30</td>
<td>312</td>
<td>78%</td>
</tr>
<tr>
<td>Occupation</td>
<td>Entrepreneur</td>
<td>296</td>
<td>74%</td>
</tr>
<tr>
<td>Income</td>
<td>Rp2,000,000 – Rp5,000,000</td>
<td>256</td>
<td>64%</td>
</tr>
<tr>
<td>Education</td>
<td>High School</td>
<td>256</td>
<td>64%</td>
</tr>
</tbody>
</table>

Female respondents have a dominant contribution to the total population. Some psychological studies show that individual behavior can be differentiated by sex [31]. Besides, women are considered more cooperative than men [37] and related [2], which shows that most internet users in Indonesia are women. In another study, women spent more time on the internet than men, averaging 24.8 hours and 22.9 hours for men [38]. The data shows that most respondents are entrepreneurs aged 21-30 years, with the latest education being high school graduates and having used IndiHome for more than 12 months.

3.3. Price (P)

Prices (P) are built using the dimensions of fair price, reliable price, and relative price [32]. Based on the results of data analysis on the price variable, it is known that the price given by PT Telkom for IndiHome is by the services obtained by consumers (77%), equivalent to the ability of consumers to pay for services (76%) and competes with other companies 81%).

3.2. Service Quality (SQ)

SQ uses six dimensions: reliability, credibility, responsiveness, courtesy, communication, and tangibles [35]. Respondents assess the reliability dimension that PT Telkom employees have depth in providing the promised service immediately, accurately, and satisfactorily with an average rating of 80%. In terms of credibility, the average respondent's assessment is 81%. Respondents have a high level of trust in PT Telkom by using IndiHome and making deposit payments. In addition, PT Telkom employees have also succeeded in growing trust, confidence, and honesty in consumers. Respondents assessed that the responsiveness of PT Telkom employees in providing IndiHome services to consumers was considered very good, with an average of 79.7%. PT Telkom employees are always ready to help when needed, fast and responsive in handling complaints, information is conveyed clearly, and do not let consumers wait. When viewed from the dimensions of politeness and communication, PT Telkom employees welcome customers in a friendly manner, ask attentively and respond to complaints experienced by customers, do not interrupt when customers submit complaints, and re-explain if necessary. The quality of services provided by PT Telkom is also shown by tangible evidence, such as the equipment provided to customers in good condition, the waiting room is comfortable and clean, the appearance of the employees is clean and tidy, the respondents' ratings indicate this with an average score of 80%.

3. RESULTS AND DISCUSSION

3.1. Table of Respondents

The following table shows the demographic information of the respondents in this study.

Table 2. Respondents Demographic Information

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
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<tr>
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</tr>
<tr>
<td>Income</td>
<td>Rp2,000,000 – Rp5,000,000</td>
<td>256</td>
</tr>
<tr>
<td>Education</td>
<td>High School</td>
<td>256</td>
</tr>
</tbody>
</table>
3.4. Customer Loyalty (CL)

CL is developed by customer attitude and customer behavior dimensions [36]. Overall, CL is considered reasonable by respondents (77%). It can be seen from the willingness of respondents to continue to use and make repeat purchases and recommend IndiHome to others, as well as the desire to buy additional IndiHome packages.

3.5. Multiple Regression Analysis

The multiple linear regression aims to determine whether there is an influence between SQ and P on CL.

Table 3. Result of Multiple Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>9.345</td>
<td>6.684</td>
<td></td>
<td>1.479</td>
</tr>
<tr>
<td>SQ</td>
<td>.660</td>
<td>.338</td>
<td>.250</td>
<td>1.961</td>
</tr>
<tr>
<td>P</td>
<td>1.218</td>
<td>.142</td>
<td>.732</td>
<td>8.552</td>
</tr>
</tbody>
</table>

Based on table II above, the regression equation can be determined: Y = 9.345 + 0.660 X1 +1.218 X2. It means that the constant 9.345 indicates that if SQ and P do not change or the value is zero, then CL is worth 9.345; SQ (X1) was significantly affected by CL. The coefficient value is 0.660. It is assumed that if SQ increases and other variables remain constant, CL will increase; P (X2) significantly affects CL. The coefficient value of 1.218 is assumed that if P increases and other variables remain constant, CL also increases.

3.6. Hypothesis Analysis

H1: SQ plays a role in increasing CL IndiHome in Bandung

The results of empirical research prove that SQ has a significant effect on CL of 0.250 partially explained. The results of this study are supported by [11], [17], [18], [39]–[42], that if the company can improve SQ, it will be able to affect the high CL IndiHome in Bandung.

H2: P plays a role in increasing CL IndiHome in Bandung

The results of empirical research prove that P has a significant effect in increasing CL by 0.732. It means that the higher the price perceived by consumers, the higher the CL will be. This statement is supported by [10], [11], who stated that price has a somewhat important role in increasing IndiHome CL in Bandung.

4. CONCLUSIONS

Based on the results of the analysis that has been carried out, it can be found that there is a significant effect between SQ and P in increasing CL IndiHome in Bandung. This research implies that the company's quality of service and price are considered good. Still, management needs to be more disciplined and provide direction to employees to be faster and more responsive in serving and handling customer complaints better, especially regarding the timeliness of delivery. So, the company can deal with disruptions to compete and survive in the same industry.

REFERENCES


Does Nostalgic Emotion Affect The Memorable Tourism Experience?
Rahyuniati Setiawan¹,* Ratih Hurriyati², Lili Adi Wibowo³, Vanessa Gaffar⁴

ABSTRACT
This study aimed to determine the effect of City Image on Nostalgic Emotion and its impact on Memorable Tourism Experience. The problem studied in this research was the decline in tourist visits to natural hot spring tourist destinations in West Java Province. City Image plays a vital role in influencing Nostalgic Emotion and impacts Memorable Tourism experiences for visiting tourist attractions. The research subject is consumers (visitors) in natural hot spring tourist destinations in West Java Province in this study. The method used in this research is an explanatory survey. Respondents in this study were visitors to the natural hot spring tourist destinations of West Java Province at the time of the study, amounting to 400 people. The sampling technique used in this research is proportional random sampling. This study uses a questionnaire as a data collection tool and SEM (Structural Equation Modeling) analysis using AMOS software version 20 as data analysis techniques. The results show that City Image positively influences nostalgic emotion because tourism has a good perspective on the city like a prior experience. The results also show that city image and nostalgic feeling positively impact memorable tourism experiences.

Keywords: City Image, Nostalgic Emotion, Memorable Tourism Experience.

1. INTRODUCTION

The COVID-19 pandemic has hampered the growth of the tourism sector, even experiencing a decline so that the tourism industry is allegedly entering an alarming period [1], [2][3], [4]. The slowdown and fall in tourism sector growth occurred due to the cessation of various ease of entry for international tourists as a result of the implementation of international travel [5] and the enactment of a tourist period for foreign tourists who had entered the Country [6], [7]. Governments in any country are trying to reduce the spread of the epidemic by conducting closures and activities on several business activities such as hotels, restaurants, entertainment centers, tourist attractions, social and cultural [1], [3], [8] conferences, festivals, and events. Sport [9], [10]. These restrictions affect the national economy and economic growth and jeopardize each Country's income [8], [11], [12]. The COVID-19 pandemic, which was originally considered a health disaster, has now resulted in a country's economic decline [8], with the most important business sectors being transportation, accommodation, and service businesses, all of which are the most important part of the tourism industry [13]. As an illustration, the closure of tourist areas has implications for tourists' actions to make hotel reservations in these tourist areas, thus creating various countries in the tourism sector to face serious monetary losses [2], [14].

The COVID-19 pandemic triggers a shift in tourist behavior to prefer domestic or local destinations. Tourists tend to direct their choices to destinations close to where they live so that they have the potential to re-energize the region's economy [3]. This makes the domestic market was able to recover first [15]. Thus, local tourism sector actors need to anticipate these changes to be more oriented towards local tourists. Memory is one of the primary sources of information used by tourists in determining the desire to make a return visit to a place [16], [17]. Some experiences directly affect the experiences and feelings contained in the literature, such as joy, pleasure, sociability, guilt, and concern [18]. Servidio and Ruffolo (2016) [19] stated that a Memorable Tourism Experience (MTE) can be defined as an essential event stored in memory and is always known
after the event took place. According to Coelho et al. (2018) [20], MTE relies on two elements: 1) the traveler’s experience in time and space and 2) the process of building memory involved in the experience. The memory or past choices of tourists are among the most valuable sources of information when deciding to revisit a particular destination (revisit) [21].

Urban tourism encourages the government to develop a government strategy in marketing it with city branding [22], [23]. Several cities have used this strategy to promote the area’s tourism potential. Image is something abstract that can only be felt from the results of good or bad judgments through positive or negative responses from the public [16], [24]. City Image is the image of a city formed in the people's minds because of the characteristics of the town. A city image can also be interpreted as a Brand Image [23], [25]. The image will speak of something obtained in the form of information that becomes knowledge during a visit to a destination, meaning that image is a person’s perception of the visit he has made. So that it can be conveyed that the image is the output of the mind about the information it obtains in the form of a message. Everything related to activities that occur in the city as a "territory" will relate to the people who live in the town communicating the image of a place that is considered essential to influence other people about the image of the city they live in. Image depends on each person connecting it to its territory [23]. At the same time, the city is a residential area that is physically indicated by a collection of houses that dominate its spatial layout and have various facilities to support the lives of its citizens independently [26]. Combining some of the opinions above, it can be said that the image of a city is a person’s perception of the results of his visit in the form of a good or bad assessment through positive or negative responses as his perception of a city that is considered important and abstract to convey to others. The image contained in a tourist destination is known as the image of the goal. According to [27], the image of a destination is the impression of tourists on a tourist destination. [28] states that psychological destination image stores information in memory in smell, taste, sight, sound, and touch at a tourist destination.

Hwang & Hyun (2013) [29] state that nostalgia is an existential way that many humans use to find the meaning of life while accepting that death is a certainty. It is further stated that nostalgia can provide a buffer for humans for the transience of life by finding the meaning of the life passed. Everyone can feel nostalgia, regardless of age, gender, social class, ethnicity, or another social group [30]. Nostalgia is a concept that describes sad and happy memories. Nostalgia is described as a preference for influence on an object so that it can remind us of the past [31], [32]. According to Zhang [33], [34] states that the nostalgia period comes from psychology which describes the individual’s psychological condition of longing (sentimental) in the past. In consumer behavior, nostalgia is conceptualized as part of preferences in consuming goods and food. It requires a stimulus in artifacts, images, or narratives with a positive relationship with the past [35]. A tourist destination is a form of business that can create an experience [36]. So it can be stated that the essence of traveling activities is experienced. Experience quality is defined as a quality that involves attributes [37] but requires the involvement of tourists to create an experience [38]. The travel experience is formed because of the direct interaction between tourists and tourist attributes [38], tourist recreational activities [39], and the atmosphere formed by the environment around the destination area [40]. Thus, it can be found that there is a link between the image of a destination and the tourist experience and the appearance of the goal that influences the quality of the tourist experience [41]. In research that examines the form of tourist destinations, playgrounds, and heritage sites, it can be found that there is an influence on the quality of the tourist experience formed by the image of the destination [42], [43]. That is why the idea of the destination is an important factor that can influence the travel experience [32], [44]. Therefore, this research aims to determine the effect of City Image on Nostalgic Emotion and its impact on Memorable Tourism Experience.

2. METHODS

This research was conducted based on on-site data collection using the explanatory survey method—a descriptive survey method using a questionnaire instrument to obtain data to research subjects in a relatively short period. The data analysis model in this study was carried out using a structural equation model (Structural Equation Model). Using this equation model with the Analysis of Moment Structure (AMOS 20.0) application, indicators support whether the proposed model is a model was utilized. Hair et al. (1998) offers the stages of modeling and analyzing structural equations into seven steps, namely: (1) theoretical model development, (2) compiling path diagrams (path diagrams), (3) changing path diagrams into equations structural analysis, (4) selecting an input matrix for data analysis, (5) assessing model identification, (6) evaluating model estimates, (7) interpretation of the model [45]. Each step will be described as follows: Development of Theory-Based Model. SEM is a conatory crematory technique used to test causality relationships where changes in one variable are assumed to result in changes in other variables. The theoretical studies underlie the constructs, and the dimensions to be studied are explained in the theoretical studies and shown in the theoretical framework model. Compile a Path Diagram: in this step, a path diagram will be presented to describe the causal relationship of the construct. The structure is shown in Figure.1;
Figure 1. Model

1. Effect of City Image on Nostalgic Emotion
2. Impact of Nostalgic Emotion on Memorable Tourism Experience
3. Impact of City Image on Memorable Tourism Experience

3. RESULTS AND DISCUSSION

Based on the structural model test, the chi-square values are 248, 913, and the degree of freedom is 227. Based on these results, it can be seen that the CMIN/DF, RMSEA, GFI, and AGFI values are by the criteria. Although the CFI and TLI values are in the marginal criteria, the model is still feasible because the TLI value is close to the recommended value. This means that the model is viable and fit to use. More details can be seen in the following Table 1:

Table 1. The goodness of Fit Model Test Results

<table>
<thead>
<tr>
<th>Goodness-of-Fit</th>
<th>Control of Value</th>
<th>Result</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>X2 count is expected to be smaller X2 table (X2 table = 263.147)</td>
<td>248,913</td>
<td>Good fit</td>
</tr>
<tr>
<td>Significance Probability</td>
<td>≥ 0.05</td>
<td>0.152</td>
<td>Good fit</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>≤ 0.08</td>
<td>0.016</td>
<td>Good fit</td>
</tr>
<tr>
<td>The goodness of Fit Index (GFI)</td>
<td>≥ 0.90</td>
<td>0.949</td>
<td>Good fit</td>
</tr>
<tr>
<td>Adjusted Goodness of Fit Index (AGFI)</td>
<td>≥ 0.90</td>
<td>0.938</td>
<td>Good fit</td>
</tr>
<tr>
<td>Relative X2 (CMIN/DF)</td>
<td>≤ 2.00</td>
<td>1.097</td>
<td>Good fit</td>
</tr>
<tr>
<td>Tucker-Lewis Index (TLI)</td>
<td>≥ 0.95</td>
<td>0.926</td>
<td>Marginal</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>≥ 0.95</td>
<td>0.934</td>
<td>Marginal</td>
</tr>
</tbody>
</table>

Source: Data Processing Result, 2021

Furthermore, the relationship between constructs in the hypothesis is shown in the value of regression weights. The results of the calculations can be seen in the following table:

Table 2. Regression Weights

```
<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>NE</td>
<td>.484</td>
<td>.113</td>
<td>4.297***</td>
<td></td>
</tr>
<tr>
<td>MTE</td>
<td>.667</td>
<td>.150</td>
<td>4.443***</td>
<td></td>
</tr>
<tr>
<td>MTE</td>
<td>-.508</td>
<td>.116</td>
<td>4.530***</td>
<td></td>
</tr>
</tbody>
</table>
```

Source: Data Processing Result, 2021

Based on the Table 2 indicates hypothesis testing, it is stated that City Image has a positive effect on Nostalgic Emotion in hot spring natural tourist destinations. Visitors to hot spring natural tourist destinations feel nostalgic emotions when they are in tourist destinations and the rides and facilities provided by tourist destinations. Nostalgic feeling positively affects the Memorable Tourism Experience in West Java's hot spring natural tourist destinations. Visitors who have memorable experiences such as feeling nostalgic emotions at hot spring natural tourist destinations. City Image positively affects Memorable Tourism Experience in hot spring natural tourist destinations. This happens because the earliest city image from the cognitive, affective, and conative aspects can create a memorable tourism experience in hot spring tourist destinations in West Java Province.

4. CONCLUSIONS

The conclusion is that City Image significantly affects Memorable Tourism Experiences for tourists to hot spring destinations. City Image has a significant impact on nostalgic emotion in hot spring tourist destinations in Indonesia. The nostalgic feeling significantly affects memorable tourist experiences for tourists to hot spring tourist destinations in Indonesia. City image can directly impact memorable tourist experiences for tourists to hot spring tourist destinations in Indonesia. Based on the conclusions obtained in this study, suggestions are proposed to improve the city image, nostalgic emotion, and memorable tourism experience so that the interest in visiting tourists increases.

ACKNOWLEDGMENT

This research is supported by the Faculty of Economic Garut University and the Indonesia University of Education.

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Analysis of Online Insurance Purchase Decisions for Gen X and Millennial Consumers in Indonesia

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ABSTRACT
The trend of selling insurance online is currently increasing quite rapidly. Almost all insurance companies focus on developing insurance marketing and sales through internet/digital media. This study analyzes the factors related to online insurance purchasing decisions made by gen X and millennials consumers. The qualitative approach was used through a literature review related to the research topic. Based on research that analyzes several articles in journals through stages, it was found that online insurance purchasing decisions were influenced by trust factor with company reputation, service quality, technology, and social influences as mediating factors with uncertainty and price as moderating factor. These factors were obtained after doing an advance search, filtering duplication, titles, abstracts, conclusions, and full-text screening. Suggestions for the future are to do in-depth research, especially with the diverse demographic background in Indonesia and more specific online insurance products.

Keywords: Online Insurance, Trust, Price, Company Reputation, Service Quality, Technology, Social Influence, Purchase Decision.

1. INTRODUCTION

Millennials are those born between 1981 and 2000 and currently are 83 million or more in number worldwide, outnumbering Gen X and the baby boomers generation. Millennials are a large and attractive market share, now and in the future. [1]. Based on data compiled from the Central Statistics Agency (BPS), the number of Indonesians aged 20 to 40 years (millennials) in 2020 is estimated to be 83 million people or 34% of the total population of Indonesia, which currently reaches 271 million. This proportion exceeds generation X, which is 53 million people (20%), and the baby boomer generation, which only has 35 million people (13%). Millennials are a unique generation and different from other generations. This is much influenced by the emergence of smartphones, the extent of internet access, and social media emergence.

This study examines the decision to purchase insurance online with several factors that influence it. Through the methods of collecting, analyzing, and synthesizing from journals and research carried out in the previous period to the present, the researcher tries to conduct this research.

The development of digital technology and the internet is rapidly entering the world of work and daily human life as a tool that can help and support humans in carrying out daily activities. In the business-to-consumer (B2C) activity cycle, consumers use the internet for various reasons and purposes, such as searching for products and services, making purchases, making payments, and other purposes [2]. Internet buying behavior is the process of purchasing products, services, and information. [3] states that many consumers do not want to make purchases through the internet because of...
concerns about the confidentiality of personal data that others can know.

Almost all insurance companies compete to market and sell insurance online in Indonesia. In addition to effectively reducing costs, the breadth of reach obtained to get consumers is an added value for companies in developing sales through online distribution channels.

Based on the topic mentioned above, in the hope of providing additional insight to practitioners and other researchers, the research questions proposed were:

RQ1. What factors influence the interest and purchase of gen X and millennial consumer insurance online in Indonesia?

RQ2. How is the impact of online insurance purchase decisions from Generation X and Millennial consumers on insurance companies in Indonesia?

In the theory about companies/institutions reflects the perceptions of various groups of customers, employees, and investors [4]–[6]. In line with the view or theory of the institution, it can be said that a thorough evaluation is needed of the company's reputation so that substantially the company can be said to be good or bad [7], [8]. Furthermore, a good corporate reputation can provide several benefits to the company, such as (1) Inhibiting the mobility of competitors, (2) Charging premium prices to customers, (3) Attracting a larger amount of investment and higher quality investors, (4) Maintaining higher levels of employees' morality (5) Enjoying a level of cost advantage, (6) New product introduction and recovery strategy in times of crisis ([5], [8]–[12]).

Management literature on service quality describes service quality as the process of evaluating customers in understanding the service and comparing it with their expectations [13]. In measuring the effect of service quality on customer behavior, the researcher did so by exploring customer perceptions of service and providing significant evidence on the importance of service quality, values, and perceived satisfaction [14], [15]. Therefore, a further understanding of the consumer purchasing decision process can help explain the factors that affect a company's ability to maintain its competitive advantage [16], [17].

Online purchasing decisions should be described as part of the Technology Acceptance Model (TAM). Davis first developed TAM in 1989 to clarify the response of technology users in the workplace. Davis formulates the model based on the Theory of Reason Actioned (TRA) by specifying two keywords that specifically describe technology use. The first is perceived usefulness (PU), the second is perceived ease of use (PEOU). Where PU and PEOU are factors that influence consumers/users when using the technology. The originality of the TAM model has been validated mainly in the context of internet and website usage. Various studies have confirmed the relevance and suitability of PEOU and PU in the context of online networks [18]–[20].

According to the Boston Consulting Group (BCG) report, digital insurance players reached about 15,000 in 2020. [21] state that in online purchases where there are no intermediaries, loyalty and persistence as determinants must be analyzed from the customer's point of view. The influence of social factors on purchasing decisions from family, friends, and online forums drives consumer choice in broad ways [22]. As insurance products are complex and challenging to see with the naked eye, consumers on online networks tend to rely on the opinions of others in determining the decisions they will take [23].

Trust is important when it comes to relationships business to business (B2B) nor business to customer (B2C) [24][25]. In the marketing pattern B2B, [25] said that trust positively influences loyalty, commitment, and business development opportunities. Trust also allows companies to build long-term relationships with customers and generate loyalty [26], [27]. [27] mentions that there are important things related to trust in the B2C context, namely: (1) company competence, (2) company communication to convey information to consumers in a reliable and timely manner, (3) company commitment to satisfy customers, and (4) ability to solve customer problems. In the online context, the lack of trust is one of the critical barriers to online exchanges/transactions [28].

The existing literature shows that the factors that can influence consumers' buying behavior in online activities are perceived risks [29]. Not knowing the future condition of a company can cause considerable anxiety, and consumers will often adopt different decision-making strategies to avoid existing uncertainty (uncertainty avoidance or UA) [30], [31]. When circumstances and situations are ambiguous, complex, and unpredictable, and when people are uncomfortable with their knowledge, individuals differ in their tolerance for uncertainty. This will determine how individuals are willing to adopt the mechanisms needed to reduce uncertainty [32].

[33] state that “Prices should reflect the value consumers are willing to pay versus prices should reflect only the cost of making a product or delivering a service”. According to [34], “price is the amount of money charged for a product or service or the sum of the values that customers exchange for the benefits of having or using the product or service”. Another factor that affects the perception of the fairness of a price is the price reference owned by customers obtained from their own experience and information from outside, such as advertisements and experiences of others [35]. Concerning the price of insurance products or better known as insurance premium rates, the pricing of insurance services is based on an estimate. The process begins with cost estimation, loss estimation, and classifying those costs among various
policy classes. The premium is the price for risk insurance borne by the insurer for a particular risk, at a specific place, and for a certain period of time. Premium income is the most significant factor that affects the profit of insurance companies. Problems and challenges then arise when the price set is not following the abilities and expectations of consumers, not to mention it turns out that if the price setting is too low to follow consumer expectations, it becomes less profitable for the company.

Consumer behavior is an activity directly or involves obtaining and using goods or services, including the decision-making process that precedes and determines these actions. [36] said Consumer behavior is all activities, actions, and psychological processes that encourage these actions at the time before buying, when buying, using, spending products and services after doing the things above or evaluating activities. In this case, the buying behavior of the gen X group and millennials is interesting to see the difference between them.

In the evaluation stage, [33] declare that the consumers from preferences among the brands in the choice set and may also from an intention to buy the most preferred brand. Other than that, [37] argues that the purchase decision is a process of evaluating and selecting from various alternatives following particular interests by determining an option that is considered the most profitable. [38] stated that the purchase decision is a consumer decision that is influenced by economics, finance, technology, politics, culture, product, price, location, promotion, physical evidence, people, and process so that it forms an attitude in consumers to process all information and draw conclusions in the form of responses that appear for what products to buy.

2. METHODS

An analysis of journals related to online insurance purchasing decisions and the factors that influence them is carried out to answer these research questions. The research journals are conducted both in Indonesia and abroad. The total research taken as a literature review amounted to 25 journals. The stages of analysis carried out starting from the search for journals to reviewing the contents of the journals studied include:

1. Advance search to published journals/articles.
2. Screening process (duplication, title & abstract) related to the research topic.
3. Screening full text until the remaining 25 final journals will be analyzed.

The following figure 1 is a search strategy and study selection process that has been carried out:

![Figure 1. search strategy and selection process](image)

3. RESULTS AND DISCUSSION

All journals that have been obtained are summarized regarding the year of publication and publication itself. This is done to see the extent to which research on online insurance/product purchasing decisions has been carried out. The number of studies carried out will be seen from year to year, as shown in figure II, so it will be known how many authors have conducted research with the relevant theme.

![Figure 2. Number of Researches by Year of Publication](image)
The bibliographies of papers found to be relevant were examined, and any other relevant papers mentioned in them were added. As [39] suggests, it should be emphasized that the only excluded papers were those that had no relevance.

To get a clearer picture of the unit of analysis carried out on the research topic, here is the title for the 25 studies shown in figure 3 below as the focus of research after doing IPO analysis:

<table>
<thead>
<tr>
<th>No</th>
<th>Journal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Critical Factors Affecting Customers’ Purchase Intention of Insurance Policies in Indonesia</td>
</tr>
<tr>
<td>2</td>
<td>Study on the possibility of applying the unified theory of acceptance and use of technology in online insurance business</td>
</tr>
<tr>
<td>3</td>
<td>The Effects of Trust on Policyholders’ Purchase Intentions in an Online Insurance Platform</td>
</tr>
<tr>
<td>4</td>
<td>Online insurance claims: when more than trust matters</td>
</tr>
<tr>
<td>5</td>
<td>DETERMINANTS OF SUCCESS FOR ONLINE INSURANCE WEB SITES: THE CONTRIBUTIONS FROM SYSTEM CHARACTERISTICS, PRODUCT COMPLEXITY, AND TRUST</td>
</tr>
<tr>
<td>6</td>
<td>The Mediating Role of Satisfaction: Life Insurance Customers’ Perspective (Service Quality, Trust and Image Toward Loyalty)</td>
</tr>
<tr>
<td>7</td>
<td>Factors influencing the purchase of travel insurance over mobile banking</td>
</tr>
<tr>
<td>8</td>
<td>Online travel insurance purchase intention: a transaction cost perspective</td>
</tr>
<tr>
<td>9</td>
<td>Influencing the online consumer’s behavior: the Web experience</td>
</tr>
<tr>
<td>10</td>
<td>Online travel insurance purchase intention: a transaction cost perspective</td>
</tr>
</tbody>
</table>

No Journal

11 Service Quality and Reputation Toward Customer Trust in Life Insurance Corporation
12 BUILDING CUSTOMER LOYALTY IN DIGITAL ERA: A CONCEPTUAL FRAMEWORK FOR INDIAN LIFE INSURANCE SECTOR
13 Understanding Millennials Mobile Shopping Behaviors: An Implication for Insurance Industry
14 Service quality and its impact on customers’ behavioural intentions and satisfaction: an empirical study of the Indian life insurance sector
15 Adoption of Web-Based Applications in the Financial Sector: The Case of Online Insurance
16 Online life insurance purchasing intention: Applying the unified theory of acceptance and use of technology
17 A study on factors that affect users’ behavioral intention to transfer usage from the offline to the online channel
18 Technological Acceptance and Consumer’s Behavior on Buying Online Insurance
19 Examining the overarching factors of clients’ loyalty based on the mobile insurance typology
20 Research on Consumer Behaviors of Insurance under the Internet Background
21 Determinants of digitally instigated insurance relationships
22 Factors Driving the Purchase of Life Insurance Among Millennials in Sri Lanka
23 Factors affecting consumer’s purchase behavior on internet
24 CUSTOMER EXPERIENCE AND SATISFACTION IN PRIVATE INSURANCE CUSTOMER WEB AREAS
25 “Consumer Perceptions Towards Buying Online Motor Insurance in Delhi/NCR”

**Figure 3.** Title of Filtered Journal

At the initial stage, before arriving at the journal's findings that will be used in the study, the inclusion and exclusion criteria selection stages are carried out to facilitate the process of screening articles in the specified journal. This stage is to make search and filter boundaries to narrow and focus on the desired research indicators. The inclusion criteria and exclusion limits set can be seen in figure 4 below:

<table>
<thead>
<tr>
<th>Inclusion</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Text</td>
<td>Not Full Text</td>
</tr>
<tr>
<td>Published between 2000 - 2021</td>
<td>Outside the stipulated period</td>
</tr>
<tr>
<td>Written in English</td>
<td>No English and duplication</td>
</tr>
<tr>
<td>Regarding interest in purchasing insurance online</td>
<td>Not related to the research topic</td>
</tr>
</tbody>
</table>

**Figure 4.** Inclusion & Exclusion Criteria

Data extraction and synthesis were completed by carefully digesting 168 studies to the final articles and extracting the relevant data. This study phase sought to create data extraction forms that could accurately record information found in the primary studies [39].

Obtaining 25 final papers after going through several screening stages through a literature review, this research is expected to answer the research questions mentioned at the beginning of the study. The following is an explanation of the research questions:
RQ1. What factors influence the interest and purchase of gen X and millennial consumer insurance online in Indonesia?

Based on the existing journal finals, information is obtained about the factors that influence online insurance purchasing decisions in Indonesia, which is also supported by consumer experience in purchasing insurance offline. The following information shown in figure 5 is a summary of the factors that influence the purchase of insurance online in Indonesia:

<table>
<thead>
<tr>
<th>#</th>
<th>Factors that Influence Online Insurance Purchase Interests and Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trust and Uncertainty</td>
</tr>
<tr>
<td>2</td>
<td>Price Uncertainty</td>
</tr>
<tr>
<td>3</td>
<td>Company Reputation</td>
</tr>
<tr>
<td>4</td>
<td>Service Quality</td>
</tr>
<tr>
<td>5</td>
<td>Social Influence</td>
</tr>
<tr>
<td>6</td>
<td>Advertising</td>
</tr>
<tr>
<td>7</td>
<td>Consumer perceptions of information helpfulness</td>
</tr>
<tr>
<td>8</td>
<td>Technology Related</td>
</tr>
<tr>
<td>9</td>
<td>Perceived Value</td>
</tr>
<tr>
<td>10</td>
<td>Product Quality</td>
</tr>
<tr>
<td>11</td>
<td>Website Quality</td>
</tr>
<tr>
<td>12</td>
<td>Perceived Risk</td>
</tr>
</tbody>
</table>

**Figure 5. Summary of Influence Factors**

All of the factors obtained, some act as independent variables (inputs), and some influence as moderating or mediating factors. Each of these factors is obtained through the results of previous studies that have gone through the testing stages using quantitative methods.

As a factor that complements this research journal, the demographic element in the form of the age of consumers in the gen X or millennial group is also a measure of the research model created. It is hoped that by knowing the age group of consumers, the company can make a more targeted strategy in terms of marketing and sales to increase the segment and market share of its customers through distribution channels of online/digital insurance.

The following figure 6 are the levels of factors that influence consumers’ online purchasing decisions for insurance:

**Figure 6. Categories of Online Influence Purchase Decision Factors**

From the table, trust and uncertainty are the most prominent factors that emerge as influence factors, followed by company reputation, service quality, and social influence. Followed by price uncertainty and technology-related. The rest appear as influential factors in a not too large number.

Based on the influence factors and existing variables from previous research, the researchers tried to create a framework of thought in the form of a research model. Through a quantitative approach, it is hoped that each of the influencing factors and research variables formed can be tested for the level of significance between variables and the validity of the variables themselves. The following figure 7 is a research model compiled by researchers based on phenomena and previous research journals:

**Figure 7. Online Insurance Purchase Research Concept Model**

RQ2. How is the impact of online insurance purchase decisions from Generation X and Millennial consumers on insurance companies in Indonesia?
This study uses quantitative methods to see the impact of the factors that influence consumer insurance purchasing decisions online. From the analytical measurement tool used, the magnitude of the influence of each factor that exists as an independent variable (input) and a moderator/mediator (process) variable that affects the dependent variable (output) of online insurance purchasing decisions will be obtained. The results of the analysis of online insurance purchasing decisions from insurance companies in Indonesia can be used by practitioners and companies in making marketing strategies and selling insurance through online distribution channels. This is based on the factors that influence the purchase decision. The magnitude of the influence of the research construct can be used by the company to analyze the influence variables in it.

4. CONCLUSIONS

Based on the analysis carried out using the Literature Review Analysis method, several factors that influence online insurance purchasing decisions, including Trust, Uncertainty, Company Reputation, Service Quality, Technology, Social Influence, and Price, has gone through stages starting from conducting an advance search, filtering duplication, titles, abstracts, conclusions, and full-text screening to ensure this research runs well. Considering the object of research takes a sample of the consumer population throughout Indonesia, researchers hope to provide an overview of both future research and insurance companies regarding the importance of knowing more about the variables and factors that influence online insurance purchasing decisions through tests on the influence variables used, so the selection of variables (dominant and non-dominant) is correct and valid.

The study results will help other researchers or practitioners, in this case, insurance companies that provide online marketing distribution channels by recognizing consumer segmentation based on factors of age, education level, income level, occupation, and marital status that enriches understanding of understanding research topics. Hence, it was useful for further research and companies to know more about the target consumers and help companies to be clearer in determining the marketing strategy that will be carried out. This study has limitations, especially in terms of choosing the source of journal publications, perceptions, and assumptions used during the screening process can cause bias, especially when used by different researchers. The use of other publication sources will help enrich information to answer research questions with topics determined at the beginning of the research, including enriching the study with different research locations and objects.

ACKNOWLEDGMENTS

Thanks to Mr. Bambang Widjajanta and Mrs. Ratih Hurriyati, who have provided guidance and input regarding the process and publication of this paper.

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The Impact of Covid-19 Pandemic on Consumer Behavior in Tourism Sector
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ABSTRACT
This research aimed to at providing an exploratory description of changes in tourist behavior in at-risk communities and how they affect the marketing strategy undertaken by the tourism industry as a tourism service provider. The research method is carried out with a qualitative approach with an observation method which is indicated by recording tourist behavior patterns as consumers through analysis of the content or message of a document obtained from some secondary data. Documents related to changes in tourist behavior during the Covid-19 pandemic related to statements, news, and research results published in the journal were analyzed based on several theories and relevant literature. The study results showed that the global panic caused by Covid-19 affected travel intentions. The Covid-19 pandemic affected travel habits; people will avoid traveling in groups and being surrounded by people. They will also avoid the risk of traveling without travel insurance. This pandemic has attracted the general public’s attention about hygiene and health issues. Due to the economic crisis, tourists will be more careful in spending their money on tourist trips. Tourists refrain from eating out and respect nature more and practice more responsible tourism. This crisis is seen as an opportunity to change their consumption practices. Therefore, it is recommended that tourism managers focus on media strategies, foster a positive image, and stimulate tourism during and after the crisis. In addition, motivating tourists to travel during the pandemic season is an opportunity for managers to raise awareness of the pandemic season by presenting the benefits of travel and its opportunities (attractions, activities, services, etc.). It is also an opportunity for managers to build customer loyalty by changing their perception of travel in the pandemic season.

Keywords: Consumer Behavior, Tourists, Covid-19.

1. INTRODUCTION
The World Health Organization (WHO) has announced the status of a global pandemic for coronavirus disease 2019 or coronavirus disease 2019 (Covid-19) on March 11, 2020 [1]. The action was taken as a form of world concern over the spread of the virus and its alarming impact and reminding all countries to activate and improve emergency response mechanisms. At the same time, all world citizens are potentially affected by the Covid-19 infection. Its massive spread and high mortality caused parts of the world to be paralyzed from all activities. Some countries are locking down their territories and disabling all community activities with a ban on leaving the house.

For Indonesia, at the beginning of the pandemic, considering Large-Scale Social Restrictions to be a provision made by limiting the movement of people and or service goods to control the spread of the virus, as previously stipulated in Law No. 6 of 2018 on Health Quarantine. The consideration is the spread of Covid-19, increasing and expanding in the number of cases and/or deaths, covering cross-region and cross-border and impacting political, economic, social, cultural, defense, and security aspects and welfare of the people in Indonesia.

The implementation of the above policy causes tourism activity to decline globally. UNWTO (United Nations World Trading Organization) estimates that the number of international tourists in 2020 will decrease between 850 million and 1.1 billion people due to the

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coronavirus outbreak. The decrease in tourist numbers is estimated to cause losses between US$910 billion to US$1.2 trillion [2]. 97% decrease in international travel in April with a loss of $195 billion, indicating global travel restrictions as a measure to reduce the spread of pandemics [2]. Based on the results of a survey conducted by the Ministry of Tourism and Creative Economy, nationally, the Covid-19 pandemic has resulted in 92% of the 5,242 tourism sector workers feeling the loss of their jobs. The most affected types of businesses are accommodation by 87.3%, transportation by 9.4%, restaurants by 2.4%, and the remaining 0.97% are other types of businesses that feel the loss of the Covid-19 pandemic, such as souvenir shops, spas, and other tourism services.

Still not including other types of businesses that are experiencing the impact of participation as a tourism support sector, such as suppliers and food for hotels and restaurants, event organizers, transportation, property, etc.

The government is aware of the economic demands that are weakening with the paralysis of various sectors of the economy. Restrictions on business activities can not be done continuously. The wheels of the economy must remain rotating. A strong desire also arises from the community to return to activities as human nature as a social being who needs others. After WHO (2020) provides guidelines for the transition to the new normal or new life, dated May 29, 2020, Indonesia officially announced the implementation of the New Normal period and marked by the easing of social activities in the regions and still emphasize the application of physical distancing [1]. However, with the high number of cases exposed to the Covid-19 Virus, this policy is straightened out as a "New Habit Adaptation" amid the Covid-19 pandemic, whose spread is so complex with uncertainty when it ends.

Facing the deterioration of the tourism industry that has implications for the stalled development of other sectors as well as paying attention to the sustainability of the workforce involved in tourism activities, the government took a role to maintain the country's economy with the emergence of an easing of public activities to re-energize the economy. Tourism activities were reopened while adapting the health protocol of the New Normality of the Tourism Industry and Business sector [3].

Although the easing of activity has been established, infected concerns during tourist activities, including the in-out transfer during travel to and from the destination area, are also a consideration for tourists not to do tourist activities. This pandemic has changed consumer behavior in determining the purchase of tourism products and services. Tourists need comfort in traveling in the form of guaranteed cleanliness, health, and safety from covid-19 infection. Not only consumers but workers and the community environment. All stakeholders of the tourism industry should anticipate changes in travel behavior. Such market demands must be able to be understood by all stakeholders of the tourism industry.

In [4] understanding consumer behavior is crucial for the company; its purpose is to predict, explain and control consumers. By predicting consumer behavior, companies can design suitable patterns to influence consumers and produce goods according to consumer tastes. The company can also explain why, who, and what affects consumers, when, and how consumers want to buy an item or service according to their needs. Proficiency in predicting and controlling consumers will further make it easier for companies to control their customers to remain loyal to the products that have been purchased.

Tourism terminology is a trip done to create a vacation or includes any preparations made to do this activity. Tourism can not be separated from two things, namely tourists as people who do tourist activities and tourism products in the form of goods/services that tourists will enjoy. Tourism products can be found in tourist destinations or referred to as tourism destinations. Tourism products can be offered to tourists when visiting tourism destinations (supply). That is why one of the declines in tourism success is the number of tourist visits, considering that there will be an economic cycle in the form of sales of tourism products that occur from the departure of tourists, including the process that occurs while in tourist destinations, stopovers and returning to the place of origin of tourists. Tourism products are formed from several elements, namely: objects/attractions tourism; facilities; conducive atmosphere; mementos, and memories. To get tourism products as a form of need, tourists will spend a certain fee as demand. Tourists act as consumers.

Consumer behavior as actions directly involved in the acquisition, consumption, and depletion of products/services, including processes that precede the occurrence of the causes of consumer behavior and the impacts caused. In more detail, consumer behavior as behavior that consumers show to find, buy, use, evaluate and spend products and services that they hope will satisfy their needs. Consumer behavior as a study of purchasing units of individuals, groups, and organizations that will later form the market as an individual market or consumer market, a group purchasing unit, and a business market formed by the organization. Consumer behavior as actions or behaviors performed by consumers that start from feeling the need and desire, then trying to get the desired product by making a purchase, consuming it, and ending with a post-purchase action that is a feeling of satisfaction or dissatisfaction [4]. Consumer behavior is influenced by motivation. Motivation indicates a behavior directed towards achieving satisfaction goals. In [5], consumer motivation encourages a person to behave certainly.
Motivation is a process for the fulfillment of needs. Consumer motivation aims to increase satisfaction, maintain loyalty, efficiency, effectiveness, create a harmonious relationship between producers and consumers. Motivated behaviors lead to the activation of needs with the introduction of needs. Motivation arises because of a need that has not been achieved. The activated needs are finally expressed in the form of purchasing and consumption decision behavior.

There are several relevant research related to changes in consumer behavior as a result of Covid-19 underpinning this research, including [6] "Tourism and COVID-19: Impacts and implications for advancing and resetting industry and research". This study discusses the significant impacts, behaviors, and experiences owned by three major tourism stakeholders, namely: tourism supply providers, demand and government as policymakers. The research illustrates the optimism of researchers on the Covid-19 outbreak, which, although it tends to harm the economy, can be an opportunity for social-based entrepreneurs to develop a business model that maintains a balance of profits in business and a positive social impact on the environment in a sustainable manner, to overcome social problems in society.

There are two scenarios of changes in consumer behavior. First, suppose the implementation of New Normal continues to occur. In that case, there will be adjustments to the behavior of tourists. For example, tourists will consume tourism products in different ways, and the market of tourism products will decrease due to the increase in product prices due to the addition of production costs for hygienists. The addition of space accompanied by a reduction in consumer capacity in addressing physical distancing, the increase in investment in tourism facilities, tourists will look for the nearest area (domestic) to travel means that foreign tourists will be reduced. The second scenario is that the Covid-19 pandemic is only temporary. It will end when the Covid-19 antiviruses are found, so tourists will return to the old tourist pattern (old normal) where social and physical distancing is no longer needed. [7], in "The Impact of Covid-19 on Tourist Consumption Behaviour A Perspective" article mention that Covid-19 has a significant effect on changes in travel behavior, including choosing a close destination, tourists will prefer lesser-known tourist attractions and away from the crowd, care about health and hygiene, choose personal travel rather than with groups, travel insurance becomes essential. [8] in "The COVID-19 crisis as an opportunity to escaping the unsustainable global tourism path," said that with Covid-19 sustainable tourism patterns would occur by themselves due to reduced human activity.

2. METHODS

The methodology shows how to obtain truth by searching specific ordinances according to the studied reality. With a qualitative approach, consumer behavior research was conducted on consumer conclusions that can determine and identify what affects consumers in terms of behavior change and how it affects marketing strategies conducted by the tourism industry as a tourist service provider [5].

Referring to [4], this study employed observation methods indicated by the recording process of tourist behavior patterns as consumers through content analysis of the content or messages of a document obtained from some secondary data. Documents related to changes in tourist behavior during the Covid-19 pandemic related to statements, news, results of research in the journal will be analyzed based on several relevant theories and literature.

3. RESULTS AND DISCUSSION

The case of the Covid-19 pandemic, which is happening globally today, has a significant impact on the economy and socio-cultural society. Referring to the research data that has been conducted by [7], as presented in the picture:

![Figure 1. Forecast-International tourism receipts, world (real change, %)](image)

Source: [7]

The data records five significant events in the last 20 years that resulted in the decline of world tourism is shown by the low acceptance of the tourism sector, namely terrorism in 2001, Epidemic SARS, Global Economic Crisis in 2009, and which is currently taking place in 2020 is the outbreak of Covid-19. As presented in the data, the Covid-19 pandemic has the most significant impact on tourism sector revenues which is below 30%, a very long gap when compared to the impact caused during the outbreak of sars virus, which is in the range of -1.4%, also when compared to the global economic crisis, the decline in world tourism sector revenue by 5%.

There is no motivation for tourists to make decisions on purchasing tourist products because the needs of tourists have not been activated by manufacturers.
(manufacturers do not conduct bidding activities) [7]. Consumer needs are seen as the drivers and generators of purchasing and consumption decision behavior. Referring to [5], the needs of tourism consumers are dominated by a) Physiological, as a basic necessity; b) Security, related to physical survival and security; c) Appreciation and Ownership, the need to be accepted by others; d) Self-expression; e) Self-actualization; f) The search for variation, maintenance of the chosen level of physiological excitement and stimulation is often expressed in variation.

If in the period before the Covid-19 pandemic, the needs of tourism consumers were based on the fulfillment of physiological (recreational) needs, then during this pandemic, the need for safety and physical survival became a priority. Restrictions on avoiding the spread of this virus make security needs dominate as a necessity. When the government's policy on large-scale social restrictions, the tourism industry also does not open up product offerings. Travelers cancel and delay their purchases. Adapting [4], tourist behavior indicated by purchasing decisions is influenced by psychological factors, based on changes in attitudes to the response shown by manufacturers as the antidote to products responded by changes in consumer attitudes in response to tourism industry producers.

In this era of the Covid-19 pandemic, situational factors influence when making purchasing decisions. Consumers are in a state of anxiety over the impact of pandemics that threaten themselves and their families. Government intervention to protect its people by issuing rules to impose social restrictions is a social factor that influences purchasing decisions. One aspect of consumer behavior related to the decision to buy tourism products is the risk factor of the product itself. Prospective tourists will cancel the purchase of tourist products if they know the goods/services offered to threaten their safety and comfort, meaning that prospective tourists have a reasonable concern about the risks of choosing the product.

In response to the economic downturn and uncertainty surrounding the end of the Covid-19 pandemic, the government is easing to reopen economic activity even though it is still implementing health restrictions or protocols on public places and facilities. The implementation of New Normal resulted in the behavior of consumer tourists changing. With the reopening of the supply side of the tourism industry, tourist consumers again responded to the need to conduct activated tourist activities. According to [5], the activated needs are expressed to behavioral decisions and purchases so that two benefits are obtained, namely from utilitarian and hedonic benefits. The decision to buy based on the benefits obtained following what is needed is considered utilitarian benefits. In contrast, the other benefits are hedonics obtained from experience that will get additional benefits in the form of recognition from others because it has shown its expression and prestige. The tourism industry can roll out both benefits, especially with the rapid development of social media tourism experiences broadcast and known to the public.

In the era of the Covid-19 pandemic, prospective tourists make purchase decisions based on the need to feel the benefits of traveling in terms of utility and hedonics. Based on several studies and articles relevant to consumer behavior during the Covid-19 pandemic, the decision of consumer tourists is based on the motivation to obtain satisfaction of tourism products that concern on the protection of comfort in the form of cleanliness, health, and safety as the main objective in deciding purchases.

Based on several motivations formed on the needs of consumers, the decision to purchase tourism consumers will underlie the behavior of tourism consumers, including:

a. Travelers demand higher health standards. In the purchase decision, prospective tourists will ensure the health protocol rules to prevent and control the Covid-19 virus in public places, and tourism businesses have been appropriately applied and correctly, as stipulated by the government;

b. Tourist destinations with green zone status with a low number of cases will be preferred by tourists to visit;

c. The provision of discounts will be a consideration for consumers to experience tourism activities are based on motivation to achieve purchasing efficiency;

d. Flexibility of bookings, given that this pandemic has not shown signs in a better direction, prospective travelers need to loosen bookings so that the plan can be fickle;

e. Staycation or domestic travel with a distance that is not too far by avoiding crowds as the application of physical distancing is seen as effective to overcome anxiety.

Observing the phenomenon, the behavior of consumer tourists will be reflected in the satisfaction of achieving the needs following the underlying motivation. This is the role of the tourism industry and the government as marketers to customize their products or services to achieve customer satisfaction.

To activate adjustments to consumer needs in the era of the Covid-19 pandemic, the following steps are required:

a. Implementation of health protocols under government-issued policies to ensure the health, comfort, and safety of tourists;
b. Virtual Tourism which is one of the recommendations to address tourist behavior in social distancing.

c. Segmentation of the domestic market, by increasing the tour packages of short-distance individual tours and family groups, tourists in the young age of 45 years and under

d. Preparation of public and open space with more space;

e. Re-branding products to attract empathy and sympathy for repeaters and new visitors.

4. CONCLUSIONS

The Covid-19 pandemic affects travel intentions and habits; people will avoid traveling in groups, avoid the risks of traveling without travel insurance, and the general public increasingly understands the importance of cleanliness and health, respecting nature, and practicing more responsible tourism. Due to the economic crisis, tourists will be more careful in spending their money on tourist trips. Therefore, it is recommended that tourism managers focus on media strategies, foster a positive image, and stimulate tourism during and after the crisis. In addition, motivating tourists to travel during the pandemic season is an opportunity for managers to raise awareness of the pandemic season by presenting the benefits of travel and its opportunities (attractions, activities, services, etc.). It is also an opportunity for managers to build customer loyalty by changing their perception of travel in the pandemic season.

REFERENCES


Repurchase Intention: The Role of Trust, Perceived Usefulness, and Satisfaction

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ABSTRACT
This study aimed at obtaining an overview and analyzing repurchase intention in e-commerce based on trust, perceived usefulness, and customer satisfaction. The existence of e-commerce changes customer behavior in purchasing travel or transportation tickets and provides the option to repurchase or switch to other e-commerce applications. The research used descriptive, quantitative, and causality. Purposive sampling was used where the respondents were customers who have been and are still buying tickets through Tiket.com. The data processing techniques employed path analysis with SEM-PLS. The study results show that repurchase intentions only get the role of trust and satisfaction. These results show that the Tiket.com application can make consumers believe or be satisfied and impact repurchasing interest in the Tiket.com application for their next trip. The perceived usefulness of the application has a role in making consumers satisfied.

Keywords: Perceived Usefulness, Repurchase Intention, Satisfaction, Trust.

1. INTRODUCTION

behavior and what consumers need [1]. This behavior is in line with the use of the internet as part of technological progress, which provides opportunities for doing business online [2]. Online business requires a strategy to win the competition, especially to attract new customers and to retain customers. This strategy is vital for companies to build good relationships with customers [3]. The challenge for companies is to make customers interested in making repeat purchases and then make long-term customers [4] and make customers feel satisfied because their needs can be met from using the products [5].

The customers' goal of a product is one that influences customers' intention in repurchasing the product [6]. These feelings arise after using the product [7] on the product's performance [8]. Customers who have positive responses to past actions will continue with positive thoughts about what the person received that will enable them to make repeat purchases [9,10]. The better the service perceived by customers plays a role in affecting high customer satisfaction, and in the end, it will play a role in repurchase intentions and less switching behavior to other products or services. [11]

Tiket.com is one of the e-commerce sites that sells travel tickets online. The pre-survey results revealed problems with Tiket.com, such as delays or errors in making tickets, inappropriate hotel orders, and there were already customers who did not want to buy at Tiket.com. [12]. These results indicate that there is a problem with satisfaction and repurchase intention Tiket.com.

Customers are interested in repeat purchases. They tend to evaluate their experience to assess the performance of a product or service after being consumed. After that, they evaluate trust in the product or service [13]. Customers who believe in particular e-commerce can generate repurchase intention and eventually become customers for a long time, although online shopping is riskier than offline or traditional shopping [14]. In contrast to the research results [15], trust has no role in repurchase intention.

For customers who trust a vendor or e-commerce application, the vendor or application can inevitably fulfill their perception of feeling the benefits for themselves [16, 17]. Individuals tend to carry out several online transactions when the use of proficiency level is considered beneficial, meaning that the technology used by the company in conveying information can be easily...
used by consumers [16-18]. Consumer buying experience and positive perceptions of shopping websites can be improved if the website has high benefits for consumers.[12] In contrast to research [19], perceived usefulness does not affect customers’ intention in making repeat purchases.

1.1. Research Questions
The formulation of the research questions is as follow:
1. Is there a role for trust and perceived usefulness on repurchase intention and satisfaction?
2. Is there an effect of satisfaction on repurchase intention?

1.2. Research Purposes
Research purposes are:
1. To find out the role of trust and perceived usefulness on repurchase intention and satisfaction
2. To find out the effect of satisfaction on repurchase intention

2. METHODS
The type of this research is quantitative and causality. The population taken was Tiket.com customers in the Greater Bandung area.

Non-probability sampling technique was used in this study, with purposive sampling. The questionnaire uses a Likert scale from a rating range of 1 to 5. Respondents who can fill out the questionnaire must meet the criteria that the respondent has been or is still a consumer of tiket.com.

Path Analysis with Structural Equation Modeling (SEM) was used in data processing because there is an indirect effect on a dependent variable, and in this study, more comprehensive data is needed. The number of samples taken when using PLS was 30-100 respondents [20] or taken from the number of indicators multiplied by 5-10 times [21]. In this study, there are 25 indicators, with the number of indicators being a sample of 125-250 respondents. Therefore, this study set a minimum sample of 30 and a maximum of 250 respondents.

3. RESULTS AND DISCUSSION
Questionnaires were distributed online (google form) and offline. As many as 105 questionnaires were returned, but only 100 met the predetermined sample criteria, specifically for those distributed offline; an additional criterion was a filled questionnaire.

3.1. Result

![Diagram](image)

Figure 1. Path Analysis
The loading factor coefficient is above 0.7 (figure 1), meaning that there is no need to modify the new model because all indicators in the model are said to be fit. The Loading Factor (LF) value is also said to be valid, so it can be said that this research can be continued to test the hypothesis.

The evaluation of construct reliability values was measured by Cronbach's Alpha and Composite Reliability values, with Cronbach's Alpha values > 0.7, meaning that the research indicators were consistent in measuring the constructs. The results of the construct reliability test are based on convergent validity; that is, by looking at the AVE value, it is known that the AVE value is > 0.5. This shows the magnitude of the indicator variance contained by the construct.

The results of the t-test are known that two influences have a P-value greater than 0.05; those are the effect of perceived usefulness on repurchase intention (0.187 > 0.05) and trust on satisfaction (0.321 > 0.05). This means H4 and H2 rejected or Ho2 and Ho4 accepted. In other words, perceived usefulness did not affect repurchase intention, and trust did not affect tiket.com customer satisfaction.

3.2. Discussion
Research shows that H1 is accepted, satisfaction has a vital role in repurchase intention, as stated by previous researches [5;6]. This was because the performance of tiket.com can be said to be good and follows what consumers expect.

Research shows that H2 is rejected, meaning that it does not support [10], which states that trust influences satisfaction. This might be caused by many e-commerces offering different prices and promotions, making trust not the main thing.
The role of trust in the repurchase intention of tiket.com supports previous research [10]. This might be caused by customers who still believe in buying from tiket.com, and it shows that tiket.com can improve its quality so that consumers keep on buying.

The results show that H4 is rejected, where perceived usefulness and repurchase intentions show no relationship. This result may indicate that consumers may rely less on perceived benefits because they recognize the value of a product or service from online purchases [19]. Another possibility is that customers feel that tiket.com cannot provide more benefits. In addition, it could be because many e-commerce offers more advantages compared to tiket.com. These results support research [19] which showed that repurchase intention did not influence perceived usefulness. These study results are different from [10] and [16], which state that perceived usefulness influences repurchases intentions.

4. CONCLUSIONS

Satisfaction and trust influence repurchase intentions in e-commerce. This research still has shortcomings that allow future developments to be carried out. Further research can increase the number of samples, expand the scope of the research area, examine using other factors, and the research is longitudinal.

ACKNOWLEDGMENTS

We would like to deliver our gratitude to Telkom University, which has allowed the author to pursue higher education at Universitas Pendidikan Indonesia.

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Pacific Journal of Marketing and Logistics. 23(2), 200-221, 2011.


The Impact of Brand Experience on Consumer Engagement

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ABSTRACT
The purpose of this study is to examine the effect of brand experience (with the dimensions of perceptual, social, epistemic, and embodied experiences) on consumer engagement. One hundred followers of the Facebook page acted as the survey sample chosen using convenience sampling. Descriptive and multiple linear regression analyses were used to analyze and test the hypothesis. The research results indicate that the respondent has a good impression of the perceptive, social and epistemic experience. According to the hypothesis testing, perceptual and epistemic experiences did not affect consumer engagement, while social experience and embodied experience affected consumer engagement. This result was caused by the followers' characteristics that prefer to have social and embodied experience while consuming Facebook brand page.

Keywords: Perceptual Experience, Social Experience, Epistemic Experience, Embodied Experience, Consumer Engagement.

1. INTRODUCTION
Providing brand experiences online is vital for strengthening the relationship between consumers and corporate brands in the digital age, but many brands still struggle to benefit from this [1]. Amid intense business competition, consumers no longer only expect functional value from a brand because they also expect to be involved in sharing purchasing experiences [2]. Brand Experience plays an essential role in achieving profitability, especially in a highly competitive environment [3]. This experience is formed whenever consumers directly or indirectly interact with a brand [4]. Research conducted by Brakus [5] empirically and conceptually have proven that brand experience is related to brand attitude, brand personality, brand interaction, and customer delight. Consumer engagement plays a crucial role in creating online brand experiences [1]. The high number of uses of social media forces companies to integrate social media into marketing strategies, especially in engaging consumers [6], [7]. Consumer engagement is one component that plays an important role in consumer purchasing decisions [8]. Consumers use social media platforms to get feedback from other product users before making a product purchase [9]. Social media currently works as an online medium that allows consumers to interact directly with the selected brand and allows potential buyers to get feedback about the brand they will choose from other product users [6]. The use of social media as an integral part of marketing a brand is inevitable. Research on the impact of online brand experience on consumer engagement has attracted the attention of academics, especially with the presence of social media that allows the creation of online brand experiences and digital consumer engagement. Stephen & Galak [10] found that social media plays an important role in establishing interactions and conversations that drive sales. Companies use social media to promote their products, services, and brands in the world [6]. The importance of social media in marketing practice is its ability to share experiences and ideas from users and share information [11]. Tafesse [12] has examined how the impact of brand engagement on brand page views on Facebook impacts the formation of customer engagement. However, research on brand experiences
formed on social media is still an area that has a significant gap in research in this area [13]. This study aimed at investigating whether brand experience influenced consumer engagement in the Telco industry in Indonesia.

1.1. Literature Review

1.1.1. Brand Experience

Brand experience is a subjective internal response consisting of sensations, feelings, cognitive, and behavioral of a person arising from stimuli related to the brand, which can consist of stimuli in the form of parts of design and brand identity, packaging, communication, and environment [5]. The brand experience consists of 4 dimensions: sensory, affective, cognitive, and engagement [1]. Regarding online brand experience, Tafesse's research suggests four concepts of brand experience on Facebook social media, namely the affordance of perceptual experience, the affordance of social experience, the affordance of epistemic experience, and the affordance of embodied using data from content and brand page posts on Facebook. Based on Tafesse [12], each of the brand experiences on Facebook pages refers to the brand experience dimensions presented in previous studies with differences in the data types used in the study. While other studies use primary data from respondents, Tafesse uses primary data from Facebook content which makes Tafesse's research unique to find out how content shapes brand experience, which in turn is related to the formation of consumer engagement on Facebook followers.

Perceptual experience refers to the sensory aspects of consumers that involve the use of visual sight, audio hearing, and touch that can stimulate consumer interest [14]. Tafesse [12] found that brand pages with more posts containing perceptual experiences can affect the formation of consumer engagement. Based on these findings, the first hypothesis proposed by this study is:

H1: Perceptual experience influences consumer engagement.

Social experience refers to the involvement and participation of consumers in creating interactive and meaningful experiences [15], [16]. The importance of creating social experiences is related to human nature as social beings, facilitated by social media. Efforts to build social experiences can be made, for example, by asking consumers for opinions about the company's brand, asking consumers to highlight celebrities or influencers, and sponsoring events to enrich consumers' interactive brand experiences [12]. Based on this study, the second hypothesis proposed is:

H2: Social experience influences consumer engagement.

Epistemic experience is a consumer experience with a brand that involves the cognitive aspect of consumers to describe information about a brand that is newly known and relevant to needs [16], [17]. Information received by consumers specifically encourages consumers to have creative thinking in recognizing brands or solving problems related to brands functionally. Types of consumer epistemic experiences with brands, for example, are information containing educational content, information on the latest brand features, and brand heritage [12]. Based on this study, the third hypothesis proposed is:

H3: Epistemic experience influences consumer engagement.

Embodied experience refers to a consumer's experience with a brand that involves physical interaction with the brand, such as touching, smelling, tasting, and using the product [12]. This real interaction is believed to produce rich information about the brand's taste, feel, aesthetic, and functional effects so that consumers have a physical and emotional connection with the brand. Based on this study, the fourth hypothesis proposed is:

H4: Embodied experience influences consumer engagement.

1.1.2. Consumer Engagement

Consumer engagement is defined as an effort to differentiate consumer attitudes and behaviors beyond buying behavior [18]. Hollebeek [19] suggests three dimensions of consumer engagement: cognitive, affective, and behavioral aspects. Based on the concepts that have been described, the concept of social media engagement with consumer engagement on social media is a similar condition. Referring to consumer engagement on social media, Tafesse [12] suggests that engagement is measured by the number of likes and shares made by social media users.

1.1.3 Research Framework

The conceptual framework in this research refers to Tafesse [12] because it follows the research objectives. This study did not use control variables because it was carried out on one research object. The framework to be researched will be illustrated in Figure 1.
2. METHODS

This study uses the quantitative descriptive analysis method to obtain results that can answer the research hypothesis. The population of this research is the cellular operator’s Facebook followers with the highest number of consumers in Indonesia, namely Telkomsel. The sampling technique used purposive sampling with a total of 100 respondents (10% significance level). The data collection technique employed questionnaire with 24 question items related to the dimensions of brand experience and consumer engagement modified from Tafesse's [12] research. The validity and reliability tests of the data were done using the Pearson product-moment with Rtable 0.3 and Cronbach alpha 0.7, showing that all items were valid and reliable. The hypothesis was tested using multiple linear regression with a significance value of <0.05.

3. RESULTS AND DISCUSSION

This study used data from 100 respondents who follow Telkomsel’s Facebook account to assess how brand experience affects consumer engagement from the perceptual, social, epistemic, and embodied dimensions. The profile of the respondents in this study consisted of 39% women and 61% men. Respondents’ ages were in the range of <18 years as much as 8%, 18-25 years as much as 47%, 26-30 years as much as 18%, 31-35 years as many as 15%, and ages> 35 years as many as 14%. Respondents’ occupations were as students as much as 43%, working in private companies 23%, government employee/police/TNI as many as 10%, entrepreneurs

3.1 Classic Assumption Test

The classical assumption test is carried out before testing the hypothesis. The classical assumption test is carried out to ensure that the regression equation obtained has estimation accuracy, is unbiased, and is consistent. The normality test in this study used the Kolmogorov-Smirnov (K-S) normal test using the SPSS version 24.0 program. The results of the normality test can be seen in Table 1

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Model</th>
<th>B</th>
<th>Sig.</th>
<th>t</th>
<th>Vif</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.795</td>
<td>0.238</td>
<td>1.189</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceptual</td>
<td>0.155</td>
<td>0.150</td>
<td>1.450</td>
<td>1.810</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>0.196</td>
<td>0.024</td>
<td>2.289</td>
<td>1.625</td>
<td></td>
</tr>
<tr>
<td>Epistemic</td>
<td>-0.080</td>
<td>0.307</td>
<td>-1.028</td>
<td>2.038</td>
<td></td>
</tr>
<tr>
<td>Embodied</td>
<td>0.363</td>
<td>.000</td>
<td>4.643</td>
<td>1.200</td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of multicollinearity in Table 2, it can be seen that the VIF value for perceptual experience is 1.810, social experience is 1.625, epistemic experience is 2.038, and embodied experience is 1.200. Therefore, overall, no VIF value exceeds 10, so there are no symptoms of multicollinearity among the independent variables. The results of the heteroscedasticity test are presented in the form of a scatterplot pattern in Figure 2

![Scatterplot Result](image-url)

Figure 2 Scatterplot Result

Figure 2 shows that the points are randomly distributed above zero and below the number 0 on the Y-
Therefore, it can be concluded that there is no heteroscedasticity in this study.

3.2 Hypothesis testing

The results summary of partial hypothesis testing can be seen in Table 3, with the basis for making test decisions:

a) If tcount > tTable then H0 is rejected
b) If tcount < tTable then H0 is accepted

Table 3 Hypothesis Summary Result

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis</th>
<th>T-Count</th>
<th>T-Table</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Perceptual (X1) → Consumer Engagement (Y)</td>
<td>1.450</td>
<td>1.661</td>
<td>Not Supported</td>
</tr>
<tr>
<td>2.</td>
<td>Social (X2) → Consumer Engagement (Y)</td>
<td>2.289</td>
<td>1.661</td>
<td>Supported</td>
</tr>
<tr>
<td>3.</td>
<td>Epistemic (X3) → Consumer Engagement (Y)</td>
<td></td>
<td>1.028</td>
<td>Not Supported</td>
</tr>
<tr>
<td>4.</td>
<td>Embodied (X4) → Consumer Engagement (Y)</td>
<td>4.643</td>
<td>1.661</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Table 3 shows the hypothesis result. This result shows that perceptual experience and epistemic experience have no effect on consumer engagement, and social experience and embodied experience affect consumer engagement. Table 4 presents the results of multiple linear regression analysis from the F-test.

Table 4 F-Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>278.603</td>
<td>4</td>
<td>66.651</td>
<td>11.902</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>555.944</td>
<td>95</td>
<td>5.852</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>834,547</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.3 Discussion

Based on the F-test in table 4, the data processing results show the Fcount value of 11.902 with a significance of 0.000. Thus, Fcount (11.902) > Ftable (3.900) with Sig. (0.000) < 0.005. This result shows a significant influence between brand experience and consumer engagement; therefore, H0 is rejected, and H1 is accepted. The regression equation of this study is based on the value of the T-test so that it can be concluded that the perceptual and epistemic variables have a significance value greater than 0.05, which means that there is no significant effect of perceptual and epistemic variables on consumer engagement. While social and embodied variables have a significance value less than 0.05, which means that there is a significant effect on consumer engagement.

\[ Y = 1.795 + 0.155 X1 + 0.196 X2 - 0.080 X3 + 0.363 X4 \]

The conclusion from the multiple regression analysis (coefficient) is that if the constant value is 1.795 and if the value of all brand experience variables is 0, then the value of consumer engagement will be 1.795. Embodied experience has the highest value of 0.363 on the regression coefficient, which means that the embodied experience is considered the most influential on consumer engagement. If the value of embodied experience increases, consumer engagement will also increase. This result has differences with [12], who found that perceptual, epistemic, and social experience influence consumer engagement.

Based on the results of hypothesis testing, it was found that social experience affects consumer engagement, which means that interactions between fellow Telkomsel Facebook followers and between Telkomsel Facebook admins and Telkomsel Facebook followers can affect consumer engagement [20]. Consumer Engagement can be considered the dynamic involvement of customers with a brand, product, service, or company; with interaction, customers are considered to be engaged with a company. In testing the hypothesis, it was found that the embodied experience affected consumer engagement because, according to [21], this materialized experience involves active consumers, and there is physical interaction with the object of a brand. This interaction often produces information that is rich in tastes, feelings, aesthetics, and functionality of the product to offer a strong background for connecting with the brand both physically and emotionally.

4. CONCLUSIONS

This study aims to examine the effect of brand experience on consumer engagement. The results showed that there was a simultaneous influence between brand experience on consumer engagement. Partially, social and embodied experiences affected consumer engagement. The finding also shows that there was no effect of perceptual and epistemic experiences on consumer engagement. The suggestion for the company is that the company can improve the social and embodied experience on its Facebook page, such as leveraging the admin response on the Telkomsel Facebook page and giving more interactive quizzes to their followers.

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REFERENCES


The Role of Brand Experience in Willingness to Pay: An Online Transportation Case

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ABSTRACT

The government's involvement in regulating online transportation fares triggered by complaints from conventional transportation makes it important for a company to make an appropriate strategy so that consumer willingness is maintained. This study aimed at examining the efforts made by companies to maintain a willingness to pay by providing an unforgettable brand experience. Linear regression analysis technique was used to determine the effect of brand experience on willingness to pay. This analysis is based on 110 respondents through a survey technique with a questionnaire. The results showed that brand experience and customers' willingness to pay were still considered in the category of very good and good. This was strengthened by the indicators of identity and packaging on brand experience and the number of products and service quality for willingness to pay. In this study, brand experience positively and significantly affected willingness to pay. Many internal and external factors must be investigated to develop knowledge further.

Keywords: Brand Experience, Willingness to Pay, Service Quality, Gojek.

1. INTRODUCTION

The rapid development of technology and the penetration and use of the internet, which continues to increase every year, has given birth to many promising new businesses, such as the online transportation business. A business that answers consumers' needs for transportation, connecting consumers with transportation drivers through a real-time online application. Online transportation started with very low prices, and it made many consumers switch from conventional transportation to online transportation. The significant shift in consumer behavior in using this means of transportation has caused complaints from other transportation service providers because its income is getting lower [1]. Thus, it forced the government, through the Ministry of Transportation, to regulate online transportation fares [2]. Significant rate changes encouraged the online transportation providers to choose the right strategy to maintain consumers' willingness to pay.

Willingness to pay is the final stage before consumers intend or even buy. Many companies make strategies to change values and climate, environment, add services, employee commitment to service delivery and engagement attitudes, subjective norms and accepted behavioral control, labeling information, luxury service benefits, experience using the brand, and prestige, which can increase willingness to pay. [3]–[10].

One of the online transportation companies is Gojek. Gojek was included in the ten most valuable Indonesian brands. To be precise, they sit in the sixth position and become the technology company with the best ranking compared to other companies with similar products. Gojek in 2019 reached US$ 4.4 billion or grew by 88% compared to the previous year, and Gojek also has more than 20 services on one platform, including food delivery services, e-money, lifestyle, and others. The same data also stated that the number of monthly active users of Gojek in Indonesia is equivalent to the number of monthly active users of the world's largest ride-sharing application in [11]. This study aims to see how far the role of consumer experience in using online brands
through applications can affect willingness to pay. The objects studied in this study are much more in line with current conditions or more adaptive to technological developments and are still rarely discussed by previous researchers. The contribution of this research is to see how consumer brand experiences on digital-based services are associated with willingness to pay.

1.1. Brand Experience

Brand experience includes “subjective internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli that are part of brand design and identity, packaging, communication, and environment” [12]. Consumers tend to form certain brands according to perceptions when they experience the brand in various stimuli from the brand such as name, logo, color, packaging, and advertising. Brand Experience does not presuppose a motivational state or constitute an evaluation statement, and thus there are variations of other motivational and emotional constructs such as brand engagement and engagement [12]. However, it is also different from attitude concepts evoked as brand evaluation [14]. It mainly consists of four aspects in which the affective aspect captures the emotions: intellectual aspect according to the brand's ability to stimulate thinking, analytical and imaginative thinking; the sensory aspect relates to aesthetics and sensory qualities that appeal to the senses; and behavioral aspects related to the body's actions and experiences with brands [15]. In the branding literature, brand passion is “an emotion strongly connected to a brand that people value, value, desire to own and/or use, incorporate into their identity, and invest resources over a period of time” [16]. It includes the cognitive, hedonic, and behavioral aspects of the consumer-brand connection motivated by deep feelings of desire and infatuation. According to identity theory, brands are very important to the individual self, so consumers use brands to express their identity in a social context. The mechanisms that describe the personal/social self can be self-directed or controlled, resulting in two forms of brand arousal: harmonious brand arousal, which “results from an autonomous internalization of the brand into one's self-identity” and obsessive desire, which “results from a controlled internalization of the brand into someone's identity” [16]. There are two factors that influence trust are rational and irrational factors. Benefits can be divided into direct, indirect, and tangible benefits. This definition refers to [12]. Brand experience has four dimensions: sensory, affective, behavioral, and intellectual stimulation [12]. Sensory: creating experiences through sight, sound, touch, smell, and taste.

1. Affection; approach to feelings by influencing moods, feelings, and emotions.
2. Behavior; creating physical experiences, behavioral patterns, lifestyles.
3. Intellectual; create experiences that encourage consumers to engage in thoughtful thinking about the existence of a brand.

There are two sub-variables and indicators that explain the brand experience:

1. Subjective Internal Consumer Response: Indicators that exist in subjective internal consumer responses
   a. Sensation is the process of receiving stimulus energy from the external environment
   b. Feeling is a learned response about an emotional state in a particular environment or culture.
   c. Cognitive is the domain that includes mental (brain) activities.

2. Brand Related Stimuli

Some indicators of brand-related arousal are:
   a. Brand design is a design or process of describing the company's products.
   b. Identity is a description or description of the products produced by the company.
   c. Packaging is the outermost part of wrapping the product so that the product is protected from damage.
   d. Communication is the activity of delivering messages or information carried out by two or more people.
   e. The environment is everything around humans that can affect the development of human life

1.2. Willingness to Pay

Willingness to pay is the highest price a person (consumer) is willing to pay to get a benefit in the form of goods or services and makes a benchmark for how many potential consumers value the goods or services. Willingness to pay is an economic value defined as the maximum number of people measurement willing to sacrifice goods and services to obtain other goods and services. The concept of a person's willingness to pay for goods or services produced by natural resources and the environment is referred to as willingness to. Willingness to pay is also the maximum price of an item that consumers want to buy at a certain time. Willingness to pay is the price at which the level of consumers reflects the value, namely the value of goods and services and sacrifices to get them. Willingness to pay can be interpreted as the public's willingness to accept the burden of payment under the amount that has been determined. Willingness to pay is vital to protect
consumers from the dangers of a company monopoly related to prices and the provision of quality products.

Willingness to pay analysis employs a method based on participants’ perceptions of transportation service tariffs, specifically in transportation problems. There are three factors influence willingness to pay:

1. Transportation service operators offered/provided. Of course, the greater the number of transport fleets that serve, the more profitable the users.

2. The quantity and quality of services offered. With the production of extensive transportation services, the level of service quality will improve, and it can be seen that users are not jostling with these conditions; of course, consumers can complain about these conditions.

3. Transportation utilities or user intentions. The greater the benefits perceived by transportation service consumers, the stronger their willingness to pay for the applicable tariffs. In contrast, the lower the benefits perceived, the lower the willingness to pay. If someone has a higher income, the willingness to pay the fare is greater. This is due to the greater allocation of travel costs, giving the ability and willingness to pay the fare.

Figure 1 illustrates the framework for this research. It describes the paradigm as an answer to the problems identified in the study. In this way of thinking, there is an independent variable (x) that influences the dependent variable (y)

\[
Y = a + bx
\]

Information:

Y = Subject in the predicted dependent variable.

a = Constant (the magnitude of the value of Y when the value \(x=0\))

b = The direction of the regression coefficient, which states that a change in the value of Y occurs when a change in the value of \(x\). If it is positive (+), then the direction of the line will go up, and if it is negative (−), then the direction of the line will go down.

This research consists of one independent variable (brand experience) and one independent variable (willingness to pay). The data used in this study is secondary data in the form of questionnaires distributed to Telkom university students who use online transportation services as many as 110 students. The sampling technique used in this study is a non-probability sampling technique by providing equal opportunities for each element (member) of the population to be selected as a member of the sample in this study (purposive sampling) [17]. Several tests, such as validity tests, reliability tests, normality tests, and coefficients of determination, were performed in this study as a prerequisite for using linear regression analysis techniques. These tests were used to determine how much influence the brand experience variable has on willingness to pay. The hypothesis tested in this study was the presence or absence of the influence of the Brand Experience (X) variable on Willingness To Pay (Y).

3. RESULTS AND DISCUSSION

Overall, the characteristics of male respondents are 48%, female respondents are 48% with an average income of 1 to 2 million rupiahs. For the results of the research test, the data obtained have passed: (1) the validity test through the \(r\)-count value of all statements has exceeded the \(r\)-table value (0.361) [19]; (2) reliability test through Cronbach’s alpha value of all variables was above > 0.6; (3) normality test, where the Kolmogorov Smirnov test value sig > 0.05; (4) heteroscedasticity test, where the value of sig brand experience is 0.762 > 0.05. It means that the regression model does not contain any heteroscedasticity. The discussion in this research:

3.1. Implementation Brand Experience & Willingness to Pay

Figure 2. Descriptive Analysis Result Brand Experience and Willingness to Pay
3.1.1. Brand Experience

From Figure 2 above, it can be seen that the data for the brand experience variable obtained a percentage of 89.17%. This figure is in the very good category, which means that the brand experience is owned by PT. Gojek is considered very well among the 16 statements regarding the brand experience. This is because the gojek identity indicator is easily recognizable and easy to remember by consumers (92%). The application owned by Gojek was considered easy to understand and access, making the Gojek packaging indicator the second-largest point (91%). Although the overall value of the brand experience indicator is good, when viewed from the lowest indicator is communication (85%). This is due to the clarity and speed of information provided by Gojek is still considered to be of less value than other indicators.

3.1.1. Willingness to pay

From Figure 2 above, the Willingness To Pay variable obtained a percentage of 82.69%. This figure means all indicators are in the good category. This shows that consumers' willingness to pay to use Gojek is in a good category. Among the five consumers' Willingness To Pay indicators, the indicator with a large value point is the number of products (91%). According to consumers, the features that Gojek provides to consumers are many and needed by consumers today. The second highest indicator is service quality (84%). This is because consumers perceive the quality of Gojek's services as real-time/fast and good. Although seen from the percentage of consumer ratings for all indicators of willingness to pay are in a good category. Nevertheless, the service quantity indicator reached the lowest point (76%). This happens because consumers think that the features offered by Gojek will but very few features of the Gojek application that consumers use.

3.2. Effect of Brand Experience on Willingness to Pay

\[ Y = a + bX \]
\[ Y = 6.339 + 0.462X \]

From the above equation, it can be concluded from the coefficient of determination test that:

a. The value of constant a in the regression line is 6.339. This means that if the variable X (Brand Experience) is zero (0), then the variable Y (Willingness To Pay) is worth 6.339

b. The regression coefficient (b) is 0.462. This means that the addition of 1% of Variable X (Brand Experience) is predicted to increase variable Y (Willingness To Pay) by 0.462 or by 46%. The regression equation above shows that the direction of the influence of the Brand Experience and Willingness To Pay variables has a positive relationship.

The regression coefficient for the Brand Experience (X) variable is 0.462, meaning that an increase in one unit of the Brand Experience variable with the assumption that the other independent variables are constant will cause an increase in sales volume of 0.462 units.

To see the effect of brand experience on willingness to pay, it can be seen in Figure 4 below:

**Figure 4. The Effect of Brand Experience on Willingness to Pay**

Based on the results from Figure 4 above, it was found that the value of the coefficient of determination R Square in this study is 0.306 or 30.6%, which means that the Brand Experience variable affects the Willingness To Pay variable by 30.6%. In contrast, the remaining 0.694 or 69.4% is influenced by other variables not examined.

3.3. Hypothesis test

To see the significance and determine the effect or determine the relationship between the independent and dependent variables, namely brand experience on willingness to pay, it can be seen through the t-test (Figure 5).

**Figure 5. Result of T-Test**
If the probability value of t count < 0.05, there is no strong influence between the independent and dependent variables. On the other hand, if the probability value of t count > 0.05, there is a strong influence between the independent and dependent variables.

Based on the results of the t-test in Figure 5 above, the value of the t-count is 6.901 or greater than the t-table, which is 1.65895. The t table value is obtained from the formula df = n-k = 110-1 = 109 with a significant level of 0.05 (5%). The significant value produced in Figure 5 shows a number of 0.000 or a smaller coefficient with a probability value of 0.05. So it can be concluded that H0 is rejected and H1 is accepted. So, there is a significant relationship or influence of the Brand Experience (X) variable on the Willingness To Pay (Y).

4. CONCLUSIONS

Overall, from the survey results of Gojek users. Brand experience provided by Gojek is very good because the identity and packaging indicators are superior in their assessment. Meanwhile, consumers' willingness to pay for Go-Jek is still in the good category due to the many features that consumers need by Go-Jek, not to mention the quality of service that is considered good by consumers. In this study, brand experience significantly influenced willingness to pay. Suggestions for further research can be developed on the addition of new causal variables and different service business targets with a more significant number of respondents.

ACKNOWLEDGMENT

We would like to thank Telkom University for its material and moral support and the University of Education of Indonesia (UPI), Lecturers, and the GCBME Committee, for making this research visible.

REFERENCES


Technology Acceptance Model (TAM): An Analysis on User of Digital Statistic Platform (Lapangbola.com)

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ABSTRACT
Lapangbola is a start-up application that provides tournament management, including live core, team, and player statistics, for early childhood, amateur, and professional soccer. The Lapangbola application is influenced by several factors to produce accurate statistics and follow user needs. Currently, Lapangbola has a low number of application users, which is 60 people in 2 years. This is the main focus faced by Lapangbola because the small number of users will hinder the process of developing the Lapangbola application. To increase the number of users, Lapangbola needs to improve the ease and convenience of using the application; thus, it is necessary to make in-depth measurements of what factors influence the decision to use the application for Lapangbola users. The research method used was explanatory, with a total of 60 respondents using Lapangbola. Technical data analysis used the technology acceptance model (TAM). The results show that adjusted R squares 0.294 or 29% T value of Perceived ease of use on the attitude of 5.570, Perceived ease of use on Perceived ease of use has a value of 16.613, Attitude Intention to use has a value of 7.014. Therefore, these results indicate that the value of T is greater than the significance level of 5%, and it can be concluded that Perceived usefulness, Perceived ease of use, Attitude factor affect Intention to use in the Lapangbola Digital Statistics Application.

Keywords: Consumer Behavior, Technology Acceptance Model, Marketing, Digital Marketing, Social Media, Technopreneur.

1. INTRODUCTION
Lapangbola is a start-up application that provides tournament management, including livescore, team, and player statistics for early childhood, amateur, and professional soccer. Currently, Lapangbola has a low number of application users, which is 60 people in 2 years. This is the main focus faced by Lapangbola because the small number of users will hinder the process of developing the Lapangbola application.

Currently, Lapangbola has been focused on being the best digital statistics application in Indonesia. To achieve this desire, Lapangbola needs to identify what factors can influence users in using the Lapangbola application so that Lapangbola can find out these factors and improve application performance and get more users and the best digital statistics application in Indonesia.

This study needs to determine the factors affecting user acceptance in digital statistics on the Lapangbola application. The concept of this research uses the technology acceptance model (TAM). This model states that users will be more likely to use the system if it is easy to use and valuable [1].

1.1. Literature Review
Juliet Bugembe's Technology Acceptance Model (TAM) is an information system model that shows how users accept and use technology [2]. This model shows that when users are presented with new technology, several factors influence their decisions about how and
when they will use it, especially on Perceived Usefulness and Perceived Ease of Use, as well as their attitudes towards the use of the new information system. Based on the explanation above, it is necessary to determine the users’ behavior in using Lapangbola’s statistical features by utilizing the Technology Acceptance Model (TAM) theory.

There are four operational variables in this study, which are Perceived Usefulness, Perceived Ease of Use, Attitude, and Intention to Use using Partial Least Square) PLS [3].

2. METHODS

This study uses four variables from the TAM model: Perceived Usefulness, Perceived Ease of Use, Attitude, and Intention to Use [4], [5]. The framework of this research can be depicted in Figure 1.

![Figure 1. The hypothesis of the technology acceptance model in the Lapangbola application](image)

Based on the literature review, the hypotheses in this study are as follows:

1. H1: There is a significant effect of perceived usefulness on perceived ease of use in the Lapangbola digital statistics application.

2. H2: There is a significant effect of Perceived ease of use on attitude in the Lapangbola digital statistics application.

3. H3: There is a significant effect of Attitude on Intention to use in the Lapangbola digital statistics application.

The research method used is the descriptive exploratory method, which, in this study, analyzes the relationship between one variable and another, or where a variable can explain the relationship, test hypotheses, and make predictions.

The sampling technique in this study used quota sampling for users of the Lapangbola application, using as many as 60 respondents as users of the Lapangbola application.

The data processing application in this study uses SmartPLS. The data processing results then analyzed the relationship between the hypothesized variables, whether significant and accepted or rejected. Processing the data obtained using Partial Least Squares (PLS) is carried out to provide predictive measurements with non-parametric properties through convergent validity, where individual reflective measures are correlated with loading values > 0.50.

3. RESULTS AND DISCUSSION

3.1. SmartPLS 3 Output Results

1. Based on data processing using SmartPLS software, a model like the one in Figure 2 is obtained, and the value is > 0.50, which means that all have a significant effect.

![Figure 2. SmartPLS Data Processing](image)

2. In the Discriminant Validity calculation results, the Fornell-Lacker results are obtained, which can be seen in Table 1.

<table>
<thead>
<tr>
<th>Table 1. Discriminant Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
</tr>
<tr>
<td>Attitude</td>
</tr>
<tr>
<td>Intention to Use</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
</tr>
</tbody>
</table>

3. From the Average Variance Extracted (AVE) value from Table 2, it can be seen that a value of more than 0.05 or 5% is obtained, which means that all the data used are valid and can be used as research data.

<table>
<thead>
<tr>
<th>Table 2. Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
</tr>
<tr>
<td>attitude</td>
</tr>
<tr>
<td>Intention to Use</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
</tr>
</tbody>
</table>

4. The P-value / Path Coefficient shows the number 0.000 or less than 0.05 or 5%, which means that all the variables used have a significant effect on the use of the Lapangbola digital statistics application.

<table>
<thead>
<tr>
<th>Table 3. Path Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
</tr>
</tbody>
</table>

4. CONCLUSIONS

Based on the calculations and data processing using the SmartPLS software above, it can be concluded that:
1. Perceived Usefulness on Perceived ease of use has a significant result of 0.705, so the Perceived Usefulness factor significantly affects Perceived ease of use in the Lapangbola digital statistical application.

2. The effect of Perceived ease of use on attitude shows a significant result of 0.549, so the Perceived ease of use factor significantly affects attitude in the Lapangbola digital statistical application.

3. The Effect of Attitude on Intention to use has a significant result that is equal to 0.542, so the Attitude factor has a significant effect on Intention to use in the Lapangbola digital statistics application.

The results showed no insignificant factors, while the other variables had significant results for users of the Lapangbola digital statistics application. However, overall, the test results produced by adjusted R squares are 0.294 or 29% with a T value of Perceived ease of use on the attitude of 5.570, Perceived ease of use on Perceived ease of use has a value of 16.613, Attitude Intention to use has a value of 7.014. Therefore, these results indicate that the T value is greater than the 5% significance level, and it can be concluded that Perceived usefulness, Perceived ease of use, Attitude factor affect Intention to use in the Lapangbola Digital Statistics Application.

REFERENCES


The Influence of Electronic Service Quality (M-BANKING) on Customer Satisfaction
(Case Study: PT. Bank Negara Indonesia)

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ABSTRACT
This study aims to analyze the effect of electronic service quality of BNI's m-banking or E-SERVQUAL (Efficiency, Fulfilment, Reliability, Privacy) on customer satisfaction. The research data was obtained through a survey method with a questionnaire technique. Analysis of research data using multiple linear regression. The results of this study show that Efficiency, Fulfilment, Reliability, and Privacy significantly influence customer satisfaction for BNI Mobile Banking users.

Keywords: Service Quality; E-Servqual, Customer Satisfaction, BNI.

1. INTRODUCTION
To deliver banking services to customers, the banking sector is now focusing on E-Banking technologies. Mobile banking is a type of E-banking that has grown in popularity among bank customers in recent years. Mobile banking refers to the provision of banking services using mobile phone technology [1]. With the intense competition between banks in Indonesia, continuous innovation is needed to compete and continue to proliferate. PT Bank Negara Indonesia (Persero) Tbk or BNI has successfully presented BNI Mobile Banking as the best banking service provider application among other national banks. This is based on the results of the 2021 Bank Service Excellence Monitor (BSEM) survey conducted by Marketing Research Indonesia (MRI).

M-banking is a service or feature that is made by the bank so that customers can carry out various financial transactions via smartphones. This technology is also a good offer and opportunity for banks to reduce costs, increase customers to save, and provide accessible transaction services [2]. Excellent service in electronic banking services plays a vital role in increasing customer satisfaction.

The SERVQUAL method proposed by [3] is one of the best evaluation techniques for assessing customer expectations and perceptions. [4] in their research shows that the four e SERVQUAL variables have a significant effect on customer satisfaction. The findings of this study support the finding by [5] that the quality of electronic services (E-Servqual) has a substantial influence on customer satisfaction. Likewise, with research conducted by [6], the results of this study indicate that the quality of electronic services has a significant effect on customer satisfaction and loyalty using mobile banking applications. Based on this description, this study aims to analyze whether the quality of electronic services (Efficiency, Fulfilment, Reliability, Privacy) significantly influences BNI M-banking customer satisfaction.
1.1. Literature Review

1.1.1. Service Quality

E-Service Quality is defined as the extent to which a website facilitates efficient and effective shopping, purchasing, and delivery [7]. Reference [7] put forward the SERVQUAL concept (tangible, reliability, responsiveness, assurance, and empathy) and model e-SERVQUAL or online service quality (efficiency, reliability, fulfilment, privacy, responsiveness, compensation, and contact). Reference [7] identified seven dimensions of online service quality, namely:

a. Efficiency, i.e., the ability of the customer to enter the website, search for the needed product and relevant information, and leave the site with little effort.

b. Reliability, concerning the extent to which the site is available and functioning as it should.

c. Fulfilment, including accuracy of service promises, product stock availability, and product delivery under the promised time.

d. Privacy, in the form of promises that customer credit card information and shopping habit data will not be shared with third parties.

e. Responsiveness, or the capacity of online merchants to deliver correct information to consumers when problems happen, as well as have a procedure in place to manage product returns and provide online guarantees.

f. Compensation for example: refund, shipping charges, and product handling fees.

g. Contact represents the client's desire to speak with customer support representatives online or by phone.

1.1.2. M-Banking

M-banking, often known as mobile banking, refers to banking transactions conducted through mobile phones [8]. Mobile banking is an e-commerce program that allows clients to access bank accounts using mobile devices in order to undertake and finish bank-related activities [9]. Mobile banking is a mobile commerce application that focuses on banking financial difficulties, such as operations performed using mobile devices at ATMs (Automated Teller Machines). Customers may use mobile banking to check their savings balances, pay payments, and transfer cash to other accounts. Customers no longer need to visit banking branches or ATMs to do various transactions.

1.1.3. Customer Satisfaction

Consumer satisfaction, according to Kotler and Armstrong [10], is the extent to which perceived product performance meets buyer expectations. If the product's performance falls short of the customer's expectations, the buyer is satisfied or extremely pleased.

2. METHODS

This study obtained the information from respondents through a questionnaire. A score for alternative answers in this questionnaire is assigned for each choice using a Likert scale. Thus in this study, there are only five categories, including strongly agree (SS), agree (S), neutral, disagree (TS), strongly disagree (STS) for respondents in answering questions. Respondents in this study amounted to 51 people who use the BNI Mobile banking application. The model used in this study is the E-SERVQUAL model with core service dimensions (Efficiency, Fulfilment, Reliability, Privacy) as the independent variable and customer satisfaction is the dependent variable.

3. RESULTS AND DISCUSSION

3.1. Validity Test

Validity is a measure of an instrument's level of validity or validity [12]. The computed r numbers and r tables are compared in this test. The SPSS software is used to search for R count, whereas table r is used to search for R table. Here is a test for the validity of the disseminated questionnaire.

Question items are valid because the r count's value is greater than the r table. The value of the r table for the following validity is 0.278.

<table>
<thead>
<tr>
<th>Item</th>
<th>R Count</th>
<th>R Table</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.721</td>
<td>0.279</td>
<td>Valid</td>
</tr>
<tr>
<td>2</td>
<td>0.782</td>
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</tr>
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<td>3</td>
<td>0.747</td>
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</tr>
<tr>
<td>4</td>
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<td>0.279</td>
<td>Valid</td>
</tr>
<tr>
<td>5</td>
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<td>Valid</td>
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<tr>
<td>6</td>
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<td>Valid</td>
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<td>Valid</td>
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<tr>
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<td>Valid</td>
</tr>
<tr>
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</tr>
<tr>
<td>10</td>
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<td>0.279</td>
<td>Valid</td>
</tr>
<tr>
<td>11</td>
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<td>Valid</td>
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<tr>
<td>13</td>
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<td>0.279</td>
<td>Valid</td>
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<td>0.279</td>
<td>Valid</td>
</tr>
<tr>
<td>15</td>
<td>0.811</td>
<td>0.279</td>
<td>Valid</td>
</tr>
</tbody>
</table>
3.2. Reliability Test

Reliability test to find out how far the measurement results remain consistent if two measurements are made times or more to the same symptom using the same measuring instrument [13]. Because the research instrument is in the form of a questionnaire and a graded scale, the instrument’s reliability is determined using the Alpha Cronbach formula.

Table 2. Reliability Test Instrument

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.949</td>
<td>15</td>
</tr>
</tbody>
</table>

The Results output of the table above shows that there are N of items, namely the number of items or questionnaires, and there are 15 items with a Cronbach’s Alpha value of 0.949. Because the value of Cronbach’s Alpha is 0.949 > 0.60, it can be concluded that all questions on the questionnaire are reliable or consistent.

3.3. Coefficient of Determination Analysis (R2)

Table 3. Coefficient Analysis

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.848</td>
<td>.719</td>
<td>.695</td>
<td>1.271</td>
</tr>
</tbody>
</table>

The coefficient of determination test is used to assess how well the model explains the variation in the dependent variable [14]. In testing the coefficient of determination hypothesis, information is obtained about the magnitude of the influence of the entire independent and dependent variables. Based on the table above, the R number is 0.848 (84%). This shows that there is a strong relationship between Efficiency, Fulfilment, Reliability, Privacy on customer satisfaction. In addition, R Square is worth 0.719 (or 71.9%). This shows that the percentage contribution of the influence of the independent variables (Efficiency, Fulfilment, Reliability, Privacy) to the dependent variable (customer satisfaction) is 71.9%, or the contribution of all independent variables to the dependent variable simultaneously is 71.9%. At the same time, the remaining 28.1% is a contribution from factors other than factors that are not included in this research model.

3.4. T-Test

The t-test was carried out to show how far the effect of one independent variable individually in explaining variation dependent variable [14].

Based on the T-test, the results obtained are:

1. Efficiency has a significant effect on customer satisfaction.
2. Fulfilment has a significant effect on customer satisfaction.
3. Reliability has a significant effect on customer satisfaction.
4. Privacy has a significant influence on customer satisfaction.

3.5. F-Test

The F test determines if all of the model’s independent variables have a simultaneous influence on the dependent variable [14]. The F test table shows that the calculated F value is 22.239 with a significance level of 0.000. When referring to table F with df1 (k-1) and df2 (nk), then the F table is 2.56. When compared, the calculated F is 29.440 > F table. Then when viewed from the level of significance, where the significance value obtained is 0.000 <0.05, then there is a significant effect. Therefore, it can be explained that the overall variables of Efficiency, Fulfilment, Reliability, Privacy together have a simultaneous effect on customer satisfaction.

4. CONCLUSIONS

The results of this study's four variables, namely Efficiency, Fulfilment, Reliability, and Privacy, significantly influence customer satisfaction on BNI mobile banking users. Suggestions that can be submitted for this research are that the number of respondents can be increased more evenly so that the results obtained can be more accurate, then the variables used can be more that have not been in this research.

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Crafting the Service Environment at McDonald's Restaurant
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ABSTRACT
One of the company's objectives is to gain profit. The profits are derived from the production or services offered to the public. The profits obtained will be reduced if there are competitors who have the same goals as the company. Each company has different advantages in achieving what is planned from the existing competition. The advantages of each company are highlighted to attract the public's interest. One of the advantages that the company can provide to the community is to provide the best service for the people who will or have used their products. This will create consumer perceptions of what the company has provided. Global economic developments have now increased competition between companies and industries globally. The winner in business competition is not the strongest or the biggest, but the one who wins the hearts of consumers. In addition to generating profit, the primary purpose of a business is to create customer satisfaction. Consumers' values, attitudes, and perceptions will influence satisfaction and even loyalty to a product or service. Providing satisfaction for customers is not an easy thing. Creating satisfaction for consumers is the beginning of creating profits in the future. In addition, customer satisfaction will increase customer retention and lead to customer loyalty for a product or service.

Keywords: Service Environment, Purchase Intention, Customer Satisfaction.

1. INTRODUCTION
Creating a memorable experience for customers who come is a challenge in a service company. Seeing the nature of most of the service products that are abstract and intangible, makes every aspect around the company's core services a consideration for consumers. One of these aspects is the environment in which the service delivery is located (service escape). The intense competition and increasing consumer expectations for a product, especially service products, have forced companies to have ways to improve their value propositions. This article will discuss theory and practice related to how to package the service environment into added value for the service product itself [1].

For decades, the traditional marketing concept, which focuses on features and benefits, has been being developed by most business practitioners to gain a broad market share [2], [3]. This marketing strategy emphasizes more on products, not consumers. Therefore marketers consider consumers to think through a decision-making process, in which each character of a product, whether goods or services, will provide clear benefits, and these characteristics are evaluated by potential customers, both those who are familiar with the product and those who are not [4]. Therefore, the consumer decision-making process is carried out in several steps: identifying, seeking information, evaluating alternatives, making purchases, and the results of post-purchase behavior [3].

1.1. Physical Proof
Physical evidence is the company's physical environment in which services are created and where service providers and consumers interact, plus any tangible elements used to communicate or support the
role of the service. In the service business, marketers need to provide physical signals/guidance for the intangible dimensions of the company’s services to support positioning and image and increase product scope.

Physical evidence in the service business can be divided into two types, as follows.

1. Essential evidence
   Present critical decisions made by service providers are regarding the design and layout of a building, the type of aircraft used by an airline, the atmosphere in the doctor's waiting room (completed with various achievement certificates or educational certificates achieved), etc. This will be able to increase the scope of the product significantly.

2. Additional evidence (peripheral evidence).
   Has little independent value but adds tangibleness to the value provided by the service product. Example: a train ticket that is a sign of the right to take advantage of the services of a train ride on a particular schedule/time.

1.2. Functions of the Service Environment

The service delivery environment has many essential functions:

1. The service environment can play an important role in shaping consumer experience and behavior.
2. Service environment as an image-forming tool, positioning, and differentiation of service products. There are no tangible service products (intangible). This makes it difficult for consumers to judge the services' quality.
3. The service environment also acts as a value adder or value proposition for a service. Consumers have wants that need to be fulfilled from a service or a product.
4. The service environment serves as a tool to facilitate service processes and increase productivity.

1.3. Consumer Response Model to Service Environment

This Mehrabian-Russell stimulus-response model explains that the environment influences one's feelings, both consciously and subconsciously. It is the feeling that will move consumers to behave, whether it is an approach or avoidance. The approach is a term for consumer behavior that likes the service place, while avoidance means consumer rejection of the environment.

The consumer's emotional response to the environment can be divided into two dimensions, namely satisfaction and stimulation. Satisfaction is a subjective response to the environment based on whether or not a person likes the environment. Meanwhile, stimulation refers to how a person feels stimulated. It is also seen that the model developed by Russell focuses on the affective side as the main driver of consumer behavior. Because of the significant influence on consumer behavior, it is necessary to explain further what influences this affective side.

1. Things that affect.
   Affection can be influenced by perception or cognition processes. The more complex the cognitive process, the stronger the affective side is. However, what is interesting is the simple cognitive processes that often affect a person's affective side, which includes perceptions of space, color, smell, etc. It is experienced both consciously and subconsciously.

2. Consequences of its effect on behavior.
   It has been mentioned earlier that satisfaction and arousal are two dimensions that (according to Russell's model) influence consumer behavior. Thus, service providers need to provide an environmental atmosphere following the nature of the product and consumer expectations of the service product itself. If the service offered is aromatherapy massage, the atmosphere must be made in a calming environment. However, if the service being sold is a rollercoaster ride experience, the atmosphere is built towards high stimulation.

1.4. Service Environment Dimensions

What is meant by the environment here is everything that can affect our senses. The concern is how to create an environment that can affect consumers’ feelings so that they feel comfortable when they are at the outlets of a company. There are various kinds of elements that make up an environmental condition (ambient) that supports to attract consumers, namely:

1. Voice
2. Aroma
3. Color
4. Place layout and functionality.

Layout refers to how the company arranges everything in its service outlets, from floors, doors, furniture shapes, and other machines or equipment that need to be in the outlets. Functionality refers to the ability of existing machines and equipment to perform service processes. Layout and functionality determine the ease and ability of service facilities in serving consumers.

1.5. Signals and Symbols

Many things in the service environment act as signals or symbols representing the company's image. Companies must try to direct consumers in the service process very subtly, intuitively, through symbols and signals that exist at the service delivery location. Why is this important? Simply put, the consumer is king. They
want everything to be in order when entering/visiting service outlets. They do not want to look confused and do not know anything.

Consumers want to know what to do when visiting a service outlet (service process) so that they can do everything well without appearing to need help. Consumers will be "lost" when they do not get a clear message from where their services are located. This will lead to anxiety and uncertainty about how the service process should work.

1.6. Optimization of the Service Environment Towards Experiential Marketing

If we pay close attention to service business practices in various shopping centers such as J.CO Donuts & Coffee, they exploit their service environment to attract and satisfy customers. The customers are satisfied with the beautiful appearance of the donuts and the employees who are committed to serving and making donuts in the kitchen. The customer's smell from a distance can already catch the delicious aroma of bread [5]. That is why Bernd H. Schmitt explains that there has been a shift from traditional marketing to experiential marketing. In traditional marketing itself, there are four main principles:

1. Focus on features and benefits. Features are the basic functions of a product, while benefits are contained in a product.
2. Product categories are viewed narrowly, whereas, for traditional marketers, competition is seen as a product battle.
3. Consumers are seen as rational decision-makers.
4. Analytical, quantitative, and oral methods and tools

The first characteristic of experiential marketing is the focus on the customer experience, where a marketer must be able to stimulate consumers through the five senses, heart, and mind to form an experience.

Experiential marketing is the ability of product/service providers to offer emotional experiences to touch the hearts of consumers’ feelings. To create a unique experience for consumers, there are two aspects constitute the framework of experiential marketing:

1. Strategic experiential modules, which support experiential marketing.
2. Experience providers, which become tactical tools in experiential marketing.

Through these two things, an unforgettable customer experience can be created. The experience must be successful in stimulating the senses (sense marketing), the emotions expected by consumers (feel marketing), the stages of expression (act marketing), and continuously trying to repeat the experience in various forms (relate marketing).

1.7. Sense

The following describes the objective strategy of sense marketing.

1. Sense as a differentiator. Sense can be used as a differentiating value for products where the product stimulates consumers through different things than usual. These stimuli can be formed through product design, communications, or sales locations.
2. Sense as a motivator. Marketing that can touch the senses can motivate consumers to try a product and buy it.
3. Sense as a form of value. Sense marketing can also be a unique value giver to consumers, which requires us to know the type of sense consumers desire and the impact of these sensory stimuli.

1.8. Feel

Feel Marketing is the strategy and implementation of engaging consumers to love the company and the brand through the service provider experience to succeed. Feel marketing creates feelings through the consumption experience.

1.9. Think

Think marketing is a marketing method model that encourages customers to think creatively about the company and its brands. Customers are encouraged to think about the brand or slogan used by the company. Companies no longer explain the features and benefits of their brands directly but encourage customers to think for themselves. There are three steps to create think marketing, namely:

1. Surprise creation
   Surprises are needed to attract attention and invite customers to think creatively.
2. Dozens of intrigue
   Intrigue is a continuation of the element of surprise; intrigue raises customers' curiosity, such as leaving questions, generating admiration, giving challenges to customers, etc.
3. Provocation blow
   Provocation was also needed in think marketing. Provocation can stimulate discussion and controversy. A provocation that must have garnered tremendous attention

1.10. Act

The strategy of act marketing is implemented to create customer experiences linked to individual behavior, social behavior, lifestyle, and experiences that arise through social interaction. In this strategy, the product is not an aspect offered as something that has a
function or benefit. In experiential marketing, the product must be able to create an experience for the customer.

1.11. Relate

Relate marketing is the development of feelings felt by the individual, which is an experience associated with the individual’s ideal figure, another person, or a culture. In experiential marketing, a product must have a relationship with social elements, where these elements can be in the form of habits, behavior, culture, and even lifestyle [6]. Through a product, consumers expect more value where the product is [1].

2. METHODS

The research method used was a qualitative research method in the form of literature [7]. The research data sources were literature sourced from books, journals, and other sources about crafting the service environment. The data collection technique is done by looking for related references digitally. After searching various sources, the conclusion was drawn from all the references that have been sought by developing them in the form of knowledge and citing expert information from various sources such as books and other journals.

This research is a type of literature review research by looking for theoretical references relevant to the cases or problems found. According to [7], a literature review is a written summary of articles from journals, books, and other documents that describe theories and information both past and present, organizing literature into topics and documents needed.

3. RESULTS AND DISCUSSION

Restaurant businesses, such as McDonald need to design their service environment in such a way as to attract the attention of visitors, especially those who are outside to come and visit. Particularly when the restaurant is at a crossroads with a high density and is in the city center. This effort can be made by installing a large neon box with a mascot picture decorated with various colorful attributes. In addition, so that it can be seen clearly from the outside, the restaurant uses see-through glass so that visitors from outside can see the interior of the restaurant.

3.1. Restaurant Service Environment Dimensions

The dimensions of a service environment are divided into three major groups: exterior facilities, general interior, store layout [8].

3.2. Exterior Facilities

The McDonald Sarinah franchise is located in the Sarinah Building, one of the first malls in Jakarta. In this building, McDonald's takes a very strategic position. It is located on the ground floor and is close to the highway, one of the intersections with a high-density level, and in the city center.

The MCD restaurant will be straightforward to spot from the outside because their use of glass walls makes MCD stand out from the other shops in the building. Passers-by will also be aware of the restaurant's existence because the restaurant's size is quite large and uses striking colors. There is also a giant neon box in front of the Sarinah building with the M logo.

This restaurant does not have an outdoor dining area, so it can be said that the restaurant does not have a unique exterior design other than striking colors to attract attention. The restaurant area is close to the building's parking lot, which is quite spacious so that it is straightforward for customers to access the restaurant. The restaurant has two entrances; one is the main entrance on the side of the building facing Jalan MH Thamrin, while the second door is on the inside, which connects to the environment inside the Sarinah Building.

3.3. General Interior

In general, McDonald's interior is designed to be a restaurant with a family concept. The color of the room and furniture used uses the McD color theme, namely red and yellow.

1. Lighting and color

McD's interior uses bright colors, with a mix of red and yellow. For lighting, McD uses lights that are bright enough but not dazzling. The position of these lights is arranged in such a way as to illuminate the room but does not reduce the customer's sense of comfort. Actually, the use of lights during the day does not have a significant effect because McDonald's outlets are surrounded by translucent glass so that during the day, the light coming in from outside is enough to brighten the room. In addition, the use of glass also has other benefits, namely to attract the attention of visitors from outside.

2. Sounds

In running its business, McD also provides music services to pamper customers. The strains of the song are played by the music player from the operator's office. The selection of music is usually based on songs that are currently hit, both local and international. This song playback service is well regulated so that the sound of the music is not too loud so as not to disturb and reduce comfort.
3. Aroma

To further maximize customer satisfaction, McD also creates a fragrant room atmosphere. This fragrance comes from room deodorizers and floor cleaners that contain fragrances. McDonald's also pays attention to the intensity of the fragrance so it does not sting, which can interfere with customers' comfort in enjoying the services provided.

3.4. STORE Layout

The layout of McD's outlets is generally divided into five eras: dining area, children's play area, birthday room, Mc Café, and the kitchen section. Details regarding McD's interior will be discussed one by one as follows:

1. Special layout and functionality

Like most fast-food restaurants that prioritize convenience, McDonald's places the ordering and payment counter right in front of the main entrance. This is to facilitate the ordering and payment process. The dining table is arranged with four chairs in such a way as to avoid the perception of a crowded room. In addition, the table setting is not carried out in a parallel longitudinal pattern to provide a relaxed and not boring effect.

As a family restaurant with a target market that includes children, McD provides a special area to play for children. This playground is not limited to proximity but is located slightly indented so that it does not interfere with the mobility of other visitors. The arena consists of a slide, a bookshelf, a shoe rack, and a shelf to place samples of McD's souvenirs.

Then in the left corner of the room, there is a special room limited by a glass wall. This room is used for birthday events or the living room if there are visits from students or other community organizations. On the right side of the restaurant, there is a McCafé, a cafe that provides coffee and cakes targeting executives for a meeting place.

The kitchen area is inside, so visitors cannot see it. The area that can be seen is only the food ordering area located together with the kitchen.

2. Signals

The ordering counter area of this restaurant is shown through a menu signboard, and the presence of a cashier's desk is immediately visible as soon as you enter the restaurant because it is located near the restaurant entrance. The menu signboard also functions as a price signboard. This makes it easier for consumers to know the price from the menu offered before they place an order [9].

To show a room devoted to certain events, McD limits the room with a glass wall. In front of the glass, there is a bulletin board that will inform the event that is taking place at the venue. This makes it very easy for consumers who are invited to the event to find the place and can prevent other consumers from eating in the room. McD also provides directions for toilets and prayer rooms in front of the corridor to the area to make it easier for consumers to find the location.

4. CONCLUSIONS

The service environment plays a significant role in shaping the customer's perception of the company's image and positioning. Since the service quality is difficult to measure, customers often use the service environment as an important quality marker. A well-designed service environment makes customers feel comfortable, increases their satisfaction, and allows companies to influence customer behavior while increasing the productivity of service operations.

ACKNOWLEDGMENTS

Thanks to Prof. Dr. Hj, Ratih Hurruyati, MP, and Dr. Henry Hendrayati, S.IP., MM. as a Lecturer of SPs UPI, who has guided the author in carrying out this research. Also, to all respondents who have given a lot of input and support to complete this research on time.

REFERENCES


The Influence of Utilitarian and Hedonic Value to Traveler Purchase Intention at Singapore Changi Airport International

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ABSTRACT
This study aimed at determining and analyzing the effect of utilitarian and hedonic values on the purchase intention of travelers at Changi International Airport, Singapore. This study employed quantitative research methods. The number of samples in this study was 100 people who were travelers at Changi International Airport, Singapore, from January to November 2019. The sampling technique used was simple random sampling. The data were collected through interviews, questionnaires, and observations. The research data were processed and analyzed using SPSS ver. 25. The results show that there was a significant and unidirectional influence between 1) utilitarian value on traveler's purchase intention with a significance value of 0.000 (p-value < 0.05) and a contribution value of 0.546 or 54.6%, 2) hedonic value towards a traveler's purchase intention with a significance value of 0.000 (p-value < 0.05) and a contribution value of 0.499 or 49.9%, and 3) a utilitarian value and a hedonic value together with a traveler's purchase intention with a significance value of 0.000 (p-value < 0.05) and the coefficient of determination is 0.521 or 52.1%.

Keywords: Utilitarian Value, Hedonic Value, Consumer Psychology, Purchase Intention.

1. INTRODUCTION

Based on the results of a survey conducted by Skytrax (Special Researcher and Quality Advisor for the air transportation industry), Changi Airport International has been named the best airport for the last eight years [https://www.worldairportawards.com]. One of the factors assessed is the growth of traveler traffic, following the traveler movement diagram of Singapore Changi Airport from 2016 to February 2020, reported on the http://www.changiairport.com website, data is obtained from 2016 to 2017 on the number of traveler movements increased by 5.6%, while from 2017 to 2018 there was an increase of 5.1%. However, from 2018 to 2019, there was only an increase of 3.9%. Changi International Airport still received the best airport award because it could still experience an increase amid the world trade slowdown. This increase in traveler traffic is good for airports as airports can benefit from non-aeronautical revenue streams (shopping concessions, restaurants, car parks, and other entertainment facilities) [1]. As for retailers, it is an opportunity to take advantage of "trapped" travelers because they have to wait for several hours of flight at the airport, which can be a big target for retailers. Therefore, understanding shopping behavior at airports is fundamental to ensure airport viability and to increase airport revenues [2], [3].

Shopping at the airport is not entirely the same as shopping on the street or mall. The fundamental difference between this shopping mode is that the shopper visits the mall with the main purpose of shopping while the traveler goes to the airport to travel [4]. Consumer behavior, in this case, a traveler, when consumers desire to buy or choose a product based on experience in choosing, using, and consuming a product, is called purchase intention [5]. There are four types of purchase intentions or motivations for airplane passengers or travelers, including functional motivation, social motivation, experimental motivation, and travel-related motivation [4].
Furthermore, the choice of consumer purchase intention is influenced by several consumption values [6]. Consumer typology is divided into rational (utilitarian) and hedonic categories [7]. The utilitarian values include product offerings, product information, money savings, and convenience [8]. Then the hedonic value is seen from social experiences, similar interests, interpersonal interests, instant status, and hunting sensations [9].

Previous research has shown that utilitarian and hedonic values affect purchase intention. [6] found that hedonic and utilitarian values affect millennials' purchase intention. Then, [10] show that hedonic values affect purchase intention. Furthermore, [11] reveal that consumer perceptions tend to like hedonic values, which positively influence purchase intention, whereas when consumer understanding is high, it has a positive effect on hedonic values and strengthens purchase intention. Then, [12] found that hedonic and utilitarian values significantly affected purchase intention and reuse of goods. Next, [5] reveal that hedonic and utilitarian values significantly affect purchase intention.

Based on previous research findings, it is known that utilitarian values and hedonic values affect purchase intention and/or purchase intention. Therefore, the researcher wants to know and analyze whether there is an influence of utilitarian value and hedonic value on purchase intention, in this case, the traveler who visits Singapore Changi International Airport from January to November 2019. The hypothesis in this study is to determine and analyze whether there is an effect of utilitarian value on purchase intention, whether there is an effect of hedonic value on purchase intention, and whether there is an effect of utilitarian value and hedonic value together on purchase intention.

2. METHODS

The variables in this study consisted of the independent variable, namely utilitarian value (X1) and hedonic value (X2); meanwhile, the dependent variable was purchase intention (Y). The method used in this study was a quantitative method with a descriptive and verification approach. The sample in this study amounted to 100 travelers who visited Changi Airport, Singapore, from January to November 2019. The data collection techniques were carried out through interviews, questionnaires, and observations. The data analysis technique used is multiple linear regression analysis which was previously tested with the classical assumption test, namely normality, multicollinearity, heteroscedasticity, and linearity tests, and then the coefficient of determination, t-test, and F-test.

3. RESULTS AND DISCUSSION

The study results begin with testing the instrument first, where validity and reliability tests are carried out. The results of the validity test are known as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of items tested</th>
<th>Number of valid items</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Hedonic Value</td>
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<td>9</td>
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<tr>
<td>Purchase Intention</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

The results of the research instrument reliability test are known as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilitarian Value</td>
<td>0.769</td>
<td>Reliable</td>
</tr>
<tr>
<td>Hedonic Value</td>
<td>0.712</td>
<td>Reliable</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>0.769</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Furthermore, the researchers tested the classical assumptions, namely normality, multicollinearity, heteroscedasticity, and linearity tests.

Scalar variables and physical constants should be italicized, and a bold (non-italics) font should be used for vectors and matrices. Do not italicize subscripts unless they are variables. Equations should be either display (with a number in parentheses) or inline. Use the built-in Equation Editor or MathType to insert complex equations.

![Normality Test](image)

Figure 1 shows the points scattered around the diagonal line, and following the direction of the diagonal line is a normal plot graph. This pattern indicates that the data is normally distributed.
Figure 2. Multicollinearity Test Result

The figure above shows the value of TOL (Tolerance) of 0.753 for (X1) and (X2), which is more than 0.1 while VIF is 1.328 for (X1) and (X2), which is smaller than 10, which means that it can be said that there is no multicollinearity.

Figure 3. Heteroscedasticity Test Result

The figure above shows the results of the glacier test using the SPSS program ver. 25; it can be seen that the significance value is above the 5% confidence level or, in other words, the Sig. > 0.05, which means there is no heteroscedasticity.

Figure 4. Linearity Test Result for X1

The figure above shows a significant value of X1 of 0.029, which is less than 0.05, which means that the model is linear.

Figure 5. Linearity Test Result for X2

While X2 shows a significant value of 0.008 or less than 0.05, meaning that the model is linear.

Figure 6. The Multiple Regression Equation Test Result

Based on the results of data processing, the multiple regression equation model can be formulated as follows:

\[ Y = a + b_1 X_1 + b_2 X_2 + e \]  

(Equation 1)

Y = 7.199 + 0.546 X_1 + 0.499 X_2 + 0

Based on these equations can be described as follows:

a. Constant value (a) of 7.199. Thus, if the value of utilitarian value (X1) and hedonic value (X2) is 0, then the value of purchase intention is 7.199 and is positive, which means an increase in the variable utilitarian value and hedonic value will have an impact on the value of purchase intention that also rises.

b. B. The coefficient value is 0.546. Thus, the utilitarian value variable contributes to the ask for purchase variable (Y) of 0.546 or 54.6%.

c. C. The coefficient value is 0.499. Thus, the hedonic value variable contributes to the purchase intention (Y) of 0.499 or 49.9%.

Figure 7. The Multiple Regression Equation Test Result

The coefficient of determination formula \( Kd = r^2 \times 100\% \). Based on the results of the above table, the \( r^2 \) value is 0.521. Then the calculation of the coefficient of determination is as follows:

\[ Kd = 0.521 \times 100\% = 52.1\% \]  

(Equation 2)

The determinant coefficient gets a result of 52.1%, which can be interpreted that the magnitude of the influence of the utilitarian value (X1) and hedonic value (X1) is 52.1%, while the remaining 47.9% is influenced by other variables not examined in this study.
Utilitarian Value affects millennialously positively and significantly. This shows that these two values simultaneously have a positive and significant effect on purchase intention. Thus, it can be concluded that the utilitarian value variable shows \( t = 5.159 \) with a significance value of 0.000 < 0.005. This means that the utilitarian value has a positive and significant effect on purchase intention. Based on the test results, the \( F \) count of 52.716 is greater than \( F \) table 3.09 (52.716 > 3.09), and the significance value is 0.000 < 0.05. This means that utilitarian and hedonic values simultaneously positively and significantly influence purchase intention. Thus, it can be concluded that \( H_0 \) is rejected and \( H_1 \) is accepted.

### 3.1. The Influence of Utilitarian Value (X1) on Purchase Intention (Y)

Based on the test results, the \( t \) value for the utilitarian value variable shows \( t = 5.159 \) with a significance value of 0.000. So, it can be concluded that 5.159 > 1.660 and 0.000 < 0.005, then \( H_0 \) is rejected and \( H_1 \) is accepted, meaning that the utilitarian value has a positive and significant effect on purchase intention.

The results of the regression test are 0.546. This can be interpreted that the utilitarian value variable contributes to the purchase intention variable (Y) of 0.546 or 54.6%, which indicates a unidirectional influence between utilitarian value and purchase intention, or in other words, has a significant effect. This is supported by a previous study entitled The Role of Utilitarian and Hedonic Values on Users’ Continued Usage and Purchase Intention in a Social Commerce Environment, showing that utilitarian value significantly affects purchase intention [13].

### 3.2. The Influence of Hedonic Value (X2) on Purchase Intention (Y)

The test results obtained that the \( t \) value for the hedonic value variable showed \( t = 5.143 \) with a significance value of 0.000. Thus, it can be concluded that 5.143 > 1.660 and 0.000 < 0.005, then \( H_0 \) is rejected and \( H_1 \) is accepted, meaning that the hedonic value has a positive and significant effect on purchase intention.

The results of the regression test were 0.499. This can be interpreted that the Utilitarian Value variable contributes to the purchase intention variable (Y) of 0.499 or 49.9%, indicating a unidirectional influence between hedonic value and purchase intention, or a significant effect. This is supported by previous research entitled "Does Hedonic and Utilitarian’s Product Purchase Intention of New Millennials Influenced by CSR?" which shows that R Square is 0.184. This means that hedonic value significantly affects millennial purchase intention [6].

### 3.3. The Influence of Utilitarian Value (X1) and Hedonic Value (X2) on Purchase Intention (Y)

Based on the test results, it is known that the \( F \) count of 52.716 is greater than \( F \) table 3.09 (52.716 > 3.09), and the significance value is 0.000 < 0.05. This means that utilitarian and hedonic values simultaneously have a positive and significant effect on purchase intention. Also, the results of this study indicate that the influence of utilitarian value and hedonic value together has a significant influence on traveler purchase intention at Changi International Airport.

The regression calculations show that the influence of utilitarian value and hedonic value on purchase intention has a relatively large degree of conformity. This is reflected in the coefficient of determination of 52.1%; the remaining 47.9% is influenced by other factors not examined. This is in accordance with previous research entitled "The Effect of Hedonic Value and Utilitarian Value on Interest in Buying E-Cigarettes in Bandung", showing that R Square is 0.406. This means that the hedonic and utilitarian values positively and significantly affect the intention of purchasing e-cigarettes simultaneously by 40.6%. This shows that these two variables together can affect purchase intention in e-cigarettes [5].
4. CONCLUSIONS

There is a significant and unidirectional effect between the utilitarian value on the traveler’s purchase intention with a significance value of 0.000 (p-value <0.05) where the contribution value is 0.546 or 54.6%. This means that the utilitarian value affects 54.6% of travelers’ purchase intentions at Changi International Airport, Singapore.

There is a significant and unidirectional effect between the hedonic value on the traveler’s purchase intention with a significance value of 0.000 (p-value <0.05) where the contribution value is 0.499 or 49.9%. This means that the hedonic value affects 49.9% of travelers’ purchase intentions at Changi International Airport.

There is a significant and unidirectional influence between the utilitarian value and the hedonic value on the traveler’s purchase intention with a significance value of 0.000 (p-value <0.05) where the coefficient of determination is 0.521 or 52.1%. This means that the utilitarian and hedonic values affect 52.1% of travelers’ purchase intentions at Singapore Changi International Airport, while 47.9% is influenced by other factors.

ACKNOWLEDGMENTS

We would like to express our gratitude to Universitas Pendidikan Indonesia, who have facilitated the research to its completion.

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The Effect of Product-Specific Country-of-Origin: The Evidence from Emerging Market

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ABSTRACT
This study aimed at evaluating Product-Specific Industry image from Country of Brand (COB) and Country of Manufacturing (COM) Origin on consumer perceived quality of a bi-national product. This research uses a cross-sectional survey to determine the COM effect towards consumers' perceived quality on South Korean Sport Utility Vehicle Brand manufactured in Indonesia by involving 273 samples, which are then processed using the Structural Equation Modelling. The results indicate that the Car Industry Image from COM and Car Product Image from COB significantly influence consumers' perceived quality. This research will give managerial implications to international automobile marketers to consider the car-specific country image when deciding the manufacturing location or involve the COM in the marketing communication process to domestic consumers.

Keywords: Country of Origin, International Marketing, Ethnocentrism, Emerging market.

1. INTRODUCTION

Globalization has created a new space for competition between products and cultures from various parts of the world. This new space then leads to differences in consumer buying behavior in one place compared to other places [1]. Consumer perceptions towards a product can be varied from consumer perceptions in other places or where the product (or brand) originates. This variation is then referred to as the Country of Origin Effect (CO).

In an international marketing context, CO becomes a significant factor, given the number of affiliated countries to form strategic alliances and produce products that involve the countries' image [2]. CO is known to cause interconnections (positive or negative) to consumers' thoughts on a product. [1], [3]. Furthermore, CO then affects the tendency of consumers to buy (or not to buy) products originating from specific countries [4].

The increasing dependence of consumers on global sources and the increasing number of products of the same brand but produced in different countries make CO an increasingly complex theory [5]. This complexity then results in the division of CO into various dimensions, including the country of brand origin, the origin of the design, the origin of production, the origin of assembly, the origin of the service, as well as the country of origin of birth and education related to service providers [6].

By understanding the impact of Country of Brand Origin (COB) and Country of Manufacturing Origin (COM) on brand perception, marketing managers can improve marketing effectiveness and brand management through appropriate production and marketing strategies, which will ultimately lead to consumer perceptions and intention to buy [5].

In correlation to the definition initiated by [7], in this study, Country of Brand Origin (COB) was defined as the country of brand originated from, and the company's main office operates, while Country of Manufacturing Origin (COM) was the country where the finished product is produced or assembled.

This research focused on the effect of the country of brand origin and the country of manufacturing origin, which will then be referred to as COB (Country of Brand Origin) and COM (Country of Manufacturing Origin) correspondingly, on the perceived quality of passenger cars in Indonesia.

COM and COB factors can be considered for companies from developed and developing countries to decide where production should be carried out. The company has a profit consideration by producing the
finished product and its components in a different country from the brand's origin. [8] argue that companies that manufacture their product outside the country of brand origin benefit from the legal, production, tax, and wage differences in other countries. This difference is where CO becomes an important consideration for managers in making decisions on production locations for their products.

The consumption of motorized vehicles in Indonesia attracts special attention from car companies worldwide. The growth rate of motor vehicle consumption in Indonesia increased by 7.8% in 2018-2019. This value is much higher than global consumption growth, which only scored 4.4% [9]. Another indication that shows the high attractiveness of the automotive market in Indonesia is passenger car ownership which has only reached 13.7% of Indonesian households. This figure is still far behind the percentage of Global (38.2%) or Emerging Countries (25.9%) and ASEAN (20.2%) [4]. In other words, there are still many households in Indonesia that do not have a passenger car. Given this reality, coupled with Indonesia's gross domestic product (GDP) growth rate continued to be positive from 1999 to 2019 (World Bank, 1999-2019), Indonesia still has high appeals for world car manufacturers.

Thus, this research intended to present to the international automobile Industry how domestic production strategy can benefit the company, industry, and most importantly, local society in the long run, since it will decrease their marginal cost and gain more market share.

2. METHODS

This study used a Cross-Sectional Survey design. Researchers use scales from relevant previous studies to measure the variables used in this study, which are then measured using a 7-point Likert scale.

Car Industry Image and Car Product Images from COB and COM were measured using questionnaire items adapted from [10]-[12]. Perceived quality, adopted from [13] and modified by [6].

H1. General Product Images (Car Industry Images (1a), and Car Product Images (1b)) from Country of Brand Origin have a positive effect on the Perceived Quality of SUV car brands.

H2. Car Industry Images (2a) and Car Product Images (2b) from the Country of Manufacturing Origin positively affect the Perceived Quality of the SUV car brand.

South Korea was chosen as COB because it is one of the countries with an advanced automobile industry but has difficulties competing in the passenger car market in Indonesia as an emerging market.

The purposive sampling technique was used to select samples in the study, with criteria of sufficient age, living in Indonesia, and having knowledge of the research object (SUV cars). The minimum number of samples that can be used in the Structural Equation Modeling (SEM) analysis method can be obtained through a program (software) that can analyze the statistical power of a specific model [14]. The calculation results obtained from [15] show that number of the respondent from this study (273) has passed the minimum sample requirement (195) to detect a medium effect size (0.3) with a desired statistical power level of 0.8, and a probability level of 0.05. The questionnaires were first tested on 30 samples to determine the validity and reliability of the questionnaires used. Hypothesis testing in this study will then be tested using the structural equation model (SEM) method. The researcher then used the LISREL 8.80 software as the program used to carry out the structural tests and measurements needed.

3. RESULTS AND DISCUSSION

The model tested in this study shows a good fit with the RMSEA value = 0.065 and p-values = 0.00 in the measurement model and shows the RMSEA value = 0.064 and p-values = 0.00 in the structural model, as seen in Table I.

The test results in H1a show a t-value of -0.28, which indicates that there is no significant influence from the image of the car industry in the country of brand origin on the perceived quality of consumers in South Korean car products produced in Indonesia. Meanwhile, path H1b shows a t-value of 3.96, which indicates a significant influence given by the image of car products from the country of brand origin on the quality of South Korean car products produced in Indonesia. These results then confirm the research of [16], which says that consumers still see a product as a product from the country of brand origin, even though they know that the product they buy is not made in the origin country.

The test on H2a shows the t-value of 2.95, while the t-value on H2b shows the number 0.16. This finding shows a significant influence of the image of the car

Figure 1. Research Model

Based on the research model in Figure 1, the study has ten hypotheses tested, namely:
industry in the country of manufacturing origin on the quality perceived by consumers, but not with the image of car products from that country (see Table 1).

Table 1. Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Path</td>
</tr>
<tr>
<td>H1a</td>
<td>COB Car Industry Image (\rightarrow) Perceived Quality</td>
</tr>
<tr>
<td>H1b</td>
<td>COB Car Product Image (\rightarrow) Perceived Quality</td>
</tr>
<tr>
<td>H2a</td>
<td>COM General Car Industry Image (\rightarrow) Perceived Quality</td>
</tr>
<tr>
<td>H2b</td>
<td>COM General Car Product Image (\rightarrow) Perceived Quality</td>
</tr>
</tbody>
</table>

The descriptive analysis of South Korea's car industry image and car product image received high positive evaluations from respondents. Meanwhile, the car industry image and car product image show a moderate evaluation. In evaluating the brand itself, respondents positively evaluated the dimensions of perceived quality and value of the South Korean car (Hyundai Santa Fe) produced in Indonesia.

As seen in Table 1, Descriptive analysis of car industry image (mean=5.85) and car product image (mean=5.29) from South Korea received high positive evaluations from respondents. Meanwhile, Indonesia's car industry image (4.49) and car product image (4.19) showed a moderate evaluation. In evaluating the brand itself, respondents positively evaluated the perceived quality dimension (mean=5.25) of the Hyundai Santa Fe car produced in Indonesia.

The results of significant hypothesis testing in H1b and H2a then show that the image of the car product produced by the country of brand origin, together with the image of the car industry in the country of manufacturing origin, will affect the consumer's view towards the quality of a passenger car. A car with high quality will not be separated from consumer perceptions of the image attributes of the product or car brand that are identical to the country and the capabilities of the country where the car is produced.

This finding aligns with [6] research, which confirmed that micro country images, namely images of particular products from a country, affect the perceived quality dimension in the brand evaluation framework. [17] also found that micro country image significantly influences consumer perceived quality in developing countries.

To complete the image of car products from the country of origin of a good brand, a positive image which the company must then consider in choosing a country where the production is carried out must at least have sophisticated technology, good quality control, trained workforce as well as excellent motivation at work.

The insignificant results in H1a become relevant because "manufactured in Indonesia" is assigned to the research object as a highlighted attribute. So the involvement of the industrial context from the country of brand origin will be minimal. Meanwhile, the rejection of H2b may occur because the car product that is the object of the research is a South Korean car brand, so the "product" component itself is more closely related to the attributes of the brand's country of origin.

In other words, respondents relate more to the quality aspect of a car based on the image of the car industry in the country of manufacturing origin compared to the country of brand origin. This argument is in line with the findings of [4] that the stimulus provided by the country of manufacturing origin has a more substantial effect than the brand name on consumer evaluations for bi-national products. However, in the study conducted in the United States, perceptions of product quality are equally influenced by cues from the country of brand origin and the country in which the product is manufactured.

This finding implies the need for marketers to pay attention to the image of car products in general from the country of brand origin before deciding to compete in the international market. They also need to consider the capabilities and image of the industry in the country of manufacturing origin before deciding to highlight these aspects in their marketing efforts.

4. CONCLUSIONS

This study presents empirical evidence of the concept of Country of Origin at the micro-image level of a country and its impact on evaluating passenger car brands for consumers in Indonesia as a developing country. For marketers, especially in the automotive industry, the elements of the Country of brand origin and the Country of manufacturing origin can be relevant cues to highlight in their product marketing efforts in developing countries, provided that the country of brand origin is known to have superior car products, and the country of manufacturing origin has a positive image of the car industry in the eyes of consumers. Within the context of Indonesia, marketers who decide to carry out the production process domestically will benefit from the increased brand evaluation as the industry has a good image in the eyes of domestic consumers. This conclusion can be considered a highly-potential strategic marketing option since the domestic production strategy can benefit the company, industry, and local society in the long run. Even though it will need high capital investment at first, this strategy can be beneficial. It will help to cut unnecessary import tax and, most importantly,
gain more significant market share on the vast & growing domestic customer.

REFERENCES


Advertising Investment on Marketplace to Conversion Rate
A Case Study on Kurma Alif Advertising Strategy Decision
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ABSTRACT
This Research purpose is to analyze and evaluate the Company’s decision on effectiveness of digital advertising investment for conversion rate, especially in the marketplace. The analysis for this research is conducted using qualitative research through marketing funnel analysis in a case study method that will be useful to propose alternative strategies that can be applied to achieve both the organization’s sales revenue and profit target in the competitive digital sales and marketing era.

Keywords: advertising, marketplace, online shopping, e-commerce, conversion rate.

1. INTRODUCTION
Nowadays, in the internet and mobile invention era, the marketplace has become increasingly important for conducting business, especially for Small Medium Enterprises that have limited sources to develop the business and market. Everything can be done through mobile phones everywhere and every time and is easy to use. Based on Katadata’s Forecast for 2018, Retail sales in the marketplace are valued at more than 8 billion USD and will be doubled on 2022 [6]. Especially, in the disruption era after COVID’19 forced various businesses to do the online selling and shopping because of the quarantine policy. This condition creates a very competitive market in e-commerce. A producer, distrib, tutor, and also retailer compete to win the customer. The phenomenon is shown on Katadata Survey during Pandemic on June 2020 to Jakarta, Bogor, Depok, and Bekasi Small and Medium Enterprises (SME) to survive the business: switching from offline to online marketing systems [3].

Currently there is the most famous marketplace platform in Indonesia: Shopee.co.id and Tokopedia.com. The transaction as reported are Tokopedia, Bukalapak and Shopee. For maintaining the sellers, e of the platform has own program both free or should be invested first advertising program such as Iklanku from Shopee and Top Ads from Tokopedia. Kurma Alif, one of SME distributors of (mostly) food and beverages from the Middle East since 2016 that started early sales via something of marketplace platforms has a Star Seller Badge from Shopee and diamond from Tokopedia. The advertising cost more than 50% of gross profit. The assumption is that more advertising budget, will attract customers to visit and buy the products. But, the reality, after COVID’19 and the enterprise has more competitors, the result seems to be different compared to the previous time. The condition is higher advertising budget allocated seems does not have a significant impact on the rate of buyer. At the end, impact to the lower net income, Kurma Alif joining some methods to boost sales through Marketplace, especially for shopee and Tokopedia. Based on the seller data, the percentage of gross margin and net income is declining time by time. Thus, the company should evaluate impact of advertising that has a high cost to the sales and the profit to manage the business on the track and survive the business in the long run. This research will analyze impact of digital advertising decision to sales and profit organization and to propose alternative strategies that can be applied to achieve both the organization sales revenue and profit target especially on investment advertising decision making.

2. METHODS
The discussion and analysis of the problem will use historical data of Kurma Alif with 2020 data and also data from the marketplace that collected from participatory
research and interviews to key person of the company, especially who conducted to marketplace. The problem and condition will be explained in descriptive format and equipped with various explanations in form of tables and graphics. At the end of this paper, this research provides a problem analysis that can be learned readers to decision making position and learn to implement the problem in real case. This will made case different from another model. To understand the company condition and the related industry [13] this research applied strategic management tools, SWOT and 5 forces Foster then analyzed the digital marketing advertising used 5 A Kotler as shown at figure 1.

Figure 1 Research framework

A. Internal and External Analysis

- SWOT analysis or Situational Analysis is the simplest and most straightforward approach for gaining insight into the causes behind a strategy's success or failure [13]. SWOT stands for Internal Strengths and Weaknesses, Market Opportunities, and Exterior Threats, and it is used to describe a company's internal strengths and weaknesses, market opportunities, and external threats. By examining a company's strengths in relation to its shortcomings, as well as the strengths and weaknesses of competitors, a competent SWOT analysis can assist explain why a strategy is functioning (or not) well. A SWOT analysis can also be used to analyze whether a strategy has been successful in fending off external threats and positioning the company to capitalize on market possibilities. SWOT analysis can assist a company with a successful current strategy in determining if it is in a position to seek new market opportunities and defend against developing risks to its long-term viability.

Every industry has a different character and degree of the competitive forces at work. The five forces framework is the most potent and extensively used method from Porter for diagnosing the main competitive pressures in a market. The Competitive pressures on enterprises within an industry, according to this concept arise from five sources. First, competition from rival sellers; second, competition from potential new entrants to the industry; third, competition from producers of substitute products; fourth supplier bargaining power; the last is customer bargaining power. There are three steps involved in using the five forces model to determine the nature and strength of competitive pressures in a given industry:

1. Identify the various parties involved in each of the five forces, as well as the precise reasons that cause competitive pressures,

2. Determine the strength of each of the five forces' pressures (High, Medium, or Low)

3. Assess whether the five forces, as a whole, are conducive to high industry profitability.

B. Marketing Funnel

- Nowadays digital advertising has become very important because it has the biggest segment of advertising investments worldwide in the future and is able to achieve a higher interactive level with consumers compared to traditional advertising [29], but the success of digital advertising related to consumer consideration, executional factor related to ads and general goal behind the brand. According to AIDA model of the marketing funnel as the basic movement in organizing advertisement by E. St. Elmo Lewis [4] contain 4 steps: Attention describes as the first thing to conduct is attention, which is defined as interesting media or information to attract customer attention. the media should be meaningful, believable, and also distinctive compared to the competitor; Interest, after attracting customer, the information inside the media should interesting and clear enough to customer to understand the message so it will build the customer awareness; Desire, This stage describes as the ability to create a solution that needed by the customer to have the product or service and encourage the customer to purchase the product with no doubt; and the last stage is Action. In this stage, usually called as a call to action, explain how to get the product by right words or right command such as: how to buy, where to buy. In marketing 4.0, the basic model of a marketing funnel has been improved by Kotler [8] as a movement in the digital era, 5 A: Aware, Appeal, Ask, Act and Advocate. This model shows connectivity between customers, how each customer or customer to be will be encouraged by each other, from awareness process to advocate. To be successful in marketing, the marketer should utilize the 3 most important sources: influences of outer, other, and own.

C. Digital Advertising

Digital Advertising of also referred to as online advertising defined by Horbal [5] as a form of communication between consumer and publisher, that incorporates advertisements by emails, search engine result pages, banners, etc to increase sales by attracting more consumers through the internet access. The main types are Pay per Click Advertising, Social Media Advertising, Mobile Advertising, Display Advertising, Email Advertising, and Landing Page.

Digital advertising also has undoubted qualities such as being highly interactive, having accurate data, and very efficient and precise geo-targeting capability. In
particular, Rodgers developed a model Interactive Advertising Model (IAM) between internet users and online advertisers through Ad Type, Ad Format, and Ad Feature that has a better impact on internet users. There are seven key trends in digital advertising: banner advertising, advergames, video advertising, Search Advertising, Mobile Advertising, Social Media Advertising, Native Advertising, Search, Social Media, and Mobile [12]. Over time, interactive advertising has evolved as a result of customers pushing the technological and creative boundaries of online browsing, digital platforms, and infrastructure limitations. Advertising’s role adapted to be relevant within the societal framework as technological usage progressed and this replace passive traditional advertising offline media easily. But on another side, in online media, users can easily go to another web page with the click of a mouse or the touch of a finger on mobile media, thus the battle for their attention online is fierce and being worse by the advertising clutter (unwanted, undesirable, and excessive, and interferes with the consumption of editorial media content [10]).

Rzemieniak [9] recommended The CPC model (Cost per Click as the most effective tool to measure cost per click on the ads unit and is redirected to the advertised location, then depend on marketing funnel by Kotler [8]), after clicking the ads, the customer will act to buy or to leave the product. At this step, Kotler named it Purchase Action Rate or generally known as Conversion Rate. The Higher Conversion Rate, the more effective ads. The equation to measure CPC is Total Digital Advertising Cost divided by the Number of Click at the advertisement. The lower cost per click the more effective cost. Furthermore, for the Conversion rate, the leads of the advertisement are divided by the action to purchase number (number of orders).

D. E-Marketplace

In the early stage of the online era, e-commerce is a term used to describe any business conducted online except marketing (became digital marketing), but then it became specifically websites that sell products online. An order for a certain product can be placed on a website and must be paid for at the same time—much like in retail sales— with the items or service arriving later or, in the case of digital products like software and music, right away. Both B2B (Business to Business) and B2C (Business to Customer) segments can be the user of e-commerce [1]. The Channel of e-commerce can be various depending on the company’s online business model [2].

In running the e-commerce process, Chaffey [2] explained the seller can utilize e-marketplaces (simply refer to the marketplace), that function similar to a typical marketplace, as a virtual place to exchange information and commercial transaction that can be used in multiple devices. The virtual place is held by a third party who, as a business model, rents out market space to vendors (traditionally, stalls) or takes a share of the seller’s income. The vendor promotes the place to potential buyers in virtual space, the. Buyers can seek new suppliers or sellers and the sellers can find new markets and customers. Kamel ([7] also described an e-marketplace as a web-based information system in the era of the Internet and with the advent of modern information and communication technologies as the virtual marketplace where consumers and suppliers meet to share product and service details negotiate and then execute the business transaction.

The seller creates an account then selling on the marketplace website and the goods only should be checked out through the marketplace, not the seller website outside the marketplace. While customers search for products or services, marketplace algorithms will suggest certain products as customer preference and best deal from the seller. The marketplace only provides the virtual space and promotion, but not as a seller itself. The market used to be wide, except for specific B2B marketplace that only allowed certain sellers and customers such as community. Now, marketplace sellers are also allowed to develop the page by decorating landing pages and also creating advertisements, such as third-party shopping sites.

3. RESULTS AND DISCUSSION

As one of Middle East Food and Beverages distributors. Started selling online at the marketplace in last 2016 (Tokopedia) with dropship system, followed by Shopee and other e-commerce in early 2017 as a retailer, at same time, Kurma Alif also launched Instagram Account as the official social media to market its brand as well as provide order request via Whatsapp. The first time launched business, Kurma Alif was only managed by the owner and his wife, both of them are working at the government. In December 2017, Kurma Alif started to sell the products directly, not via dropship anymore. This was the first time an employee was hired to do packing the order, but for administration, sales, customer service, and order management still organized by the owner. In February 2018 Kurma Alif rent its first store and operational in Tangerang and hired more teams to operate the business. Since the business growth promisingly, the company expand the business by opening 2 more offline branches in Bandung and Yogyakarta in early 2020. To finance the business, Kurma Alif depends on the profit of the sales itself and inner circle to finance a high-value project by the profit-sharing scheme, the company doesn’t use any loan from the bank.

At the first launch, Kurma Alif focuses on the hajj and umrah souvenirs such as dates, zam-zam, prayer beads, various middle east souvenirs, but following the demand and beverage trend, Kurma Alif expands to herb and
healthy food products such as local honey, Himalayan salt, chia seeds, seaweeds, and many. The 10 Best Seller Products during 2020 are Sukari Dates, Croissant, Doum Fruit, Egypt Dates, Chia Seeds, Saffron, Himalayan Salt, Ajwa Dates, Honey, and Chickpeas. The challenge is the license for the majority of the product. Some regulations became barriers to selling the product, for example, Himalayan salt that not allowed sell legally even the demand for pure Himalayan salt was high. In operating the business, Kurma Alif has the following Vision to Be 1st distributor of hajj and umrah in Indonesia by Enabling Sales through the marketplace and nonmarketplace and developing the company capital.

Kurma Alif has invested in digital advertisement to boost sales, especially in the last 4 years since they first operate the business. But in the last year, the data show that investment in digital advertisement especially in the marketplace has no impact as before with the same amount. Mr. Agung as the owner and director urgently needs a deep analysis that can answer what is the right advertisement investment that can support the business in the long run. The case will describe Kurma Alif Marketplaces (Tokopedia and Shopee) that operated in Tangerang during 2020.

E. Internal Analysis

Kurma Alif was directed by the owner as a director that managed the business under several divisions: Operations, Finance, Marketing, Human Capital, Sales, and Marketplace. The structure showed that handling the marketplace involves 3 levels: Manager, Supervisor, and Staff (Agents). The manager leads the team to ensure customers are informed of what they need through Marketplace Customer Service Supervisor and Keed the marketplace update both the product and program through Marketplace Development Supervisor. To keep the customer informed, the customer service agent is required with a certain skill. Two agents for handle customers in Shopee and one agent handles customers in Tokopedia and another marketplace. The operational Division consists of many people. The manager is responsible for Kurma Alif’s product availability and standard product quality through the warehouse supervisor. The Manager should ensure orders are packed as Service Level Agreement and Distributed to the related courier service at the right time, so every order are made by the customer before 2 pm, will proceed and handed over to the related point on the same day.

- Product and Service. In managing the business, Kurma Alif has several sales channels both Online and Offline. Online channel divided into 2 channels: Marketplace (Tokopedia, Shopee, Lazada, Bukalapak, and Blibli) and Non-Marketplace (Whatsapp, Social-Media such as Instagram, Facebook, Tokotalk, and Website). In the Offline channel, Kurma Alif has 3 offline stores. To boost sales, Kurma Alif also opens reseller and dropship schemes to the customer. The order is made by the customer will be delivered to all destinations in Indonesia as customer request by courier and cargo services both by land, sea, and air, especially for perishable products such as fresh dates. First launch the store, Kurma Alif sell the product as a retailer, the company sells another company brand to the customer, then manage to produce its own brand and sell it as a distributor. The price offered to agents or resellers is quite competitive compared to the marketplace.

- Case Figure. Agung Prasetyo as the founder and director is the one who build the company marketplaces since the company was founded in 2016, not only manages the marketplace, he also decides what to be sold and what to be invested from the very first time. He said that the most important strength at that time is fast response, thus Kurma Alif, not the first-hand supplier with the cheapest price but can gain customer attention through fast response to answer the customer chat and process orders on the marketplace. in early build the company he keeps the communication with customer close and always know each other to maintain the customer relationship. As personal, he is humble and spontaneous, with his military background he is a very dynamic person in the field. Under his command, the Kurma Alif account in Tokopedia achieved a gold badge, and Shopee achieved Star Seller that managed by a certain Relation Manager from a related marketplace. currently, Mr. Agung leads the company but let the marketplace channel managed by Mr. Zulfikar a time. He doesn’t monitor anymore the advertising effectiveness. At the early stage of Kurma Alif, according to Mr. Agung, the advertising expense should not be more than 50% of the gross margin. Zulfikar join Kurma Alif in early 2018 as the designer, but soon when the startup company grows rapidly, he also became the marketplace developer and WhatsApp customer service. He was waiting for his graduation when first assigned as Mr. Agung’s right hand. Now He managed to purchase the main raw material and the marketplaces. He was known as Mr. Agung’s close neighbor in his hometown. According to him, right now the challenge in the marketplace is service consistency such as how long to process orders, competition (since pandemic, he facing more competitors who switching offline to online sales via marketplace). He is the one who decides campaign or, promo and advertising budget on daily basis and is helped by 1 customer service who handles all marketplace of Kurma Alif including chat response, upload a new product, top-up paid advertising balance, update the product price, and handle the complaint. Zulfikar’s strategy is to increase basket size by voucher and attract new visitors to become followers by new follower voucher. from his side, has not enough team, make difficult to evaluate the marketing tools and expenses properly. He also never evaluated JBP.
Corporate Culture. Kurma Alif has 4 Core Values, taken from ALIF acronym: Amanah (Trustworthy), Loyal, Inovasi (Innovation), Family. The first launch as SME with simple organization structure, Kurma Alif hires team via relation, both family relation and neighborhood relation, that influence the core value. The relation in the company is also more like partner and team. Most of the team consist of young people that have a lot of impact on 2 things: innovation in a good term, and maturity in handling problems because of less experience.

Operational System. Kurma Alif developing his own ERP by internal sources. The ERP consists of order and sales data management with a web-based system. In the managing order, the company also has created Standard Operating Procedure. But, most of the written procedures are not well complied with by the team, they should be more supervised and monitored. This is causing some problems in managing the marketplace order as the Cut of Time.

Customer Profile. Kurma Alif has 3 Customer Categories: Agent (The wholesale customers who shop regularly in minimum purchase in the bulk of Rp 3.000.000), Reseller (Bought products more than Rp 1.000.000,00 regularly and or the drop shipper who shop regularly), and retail customers who shop less than Rp 1.000.000 accumulate in a day rarely. As the company data, some of the resellers come from Marketplace then switch to WhatsApp channel through sales to get better offers and more courier services options. Taken in 2020 Marketplace customer Kurma Alif mostly women (77%) and 23% of total customer are drop shipper, and the rest are retailer or reseller, shown from the purchasing power under Rp 1.000.000,00 each order dominant than Rp 1000,001,00 – Rp 3.000.000,00 (only 0,10%) and only 0,01% customer who purchase more than Rp 3.000.001,00 /order. Most orders came from West Java, following with Banten where Kurma Alif operated, and Jakarta the Capital surrounding Banten. Unlike the Order came, the revenue came mostly from Banten, this is because instant courier as Gojek and Grab became favorite to purchase bulk orders with a best deal shipping fee that can be reached only in surrounding Kurma Alif in the Banten area. So, in this case, the order may be less than Jawa Barat, but the quantity for each order is higher. Most customers almost 79% only purchase 1 time in a year, followed by 2-6 times purchase in one account in a year and then for the loyal customers who purchase 7 until 12 times a year is 0,53%, and the rest the customer who purchase more than 13 times a year, only 0,10%. This data are taken from customers who spent their money on Tokopedia and Shopee Kurma Alif during 2020.

External Analysis

Competitor. Kurma Alif was not the very first mover in Umrah and Hajj Industry in Marketplace. the company as some competitor in Jakarta and Surrounding coverage area (Jakarta and Tangerang). Uniquely, the main competitors were the suppliers for Kurma Alif in its early stage, but now Kurma Alif growth at the same level and became a competitor and in this industry, some of the competitors are supplying others. The competitor category according to Kurma Alif is the company or store those have the same market, similar product, and similar sales. It can be easily searched on the marketplace. in this condition, Kurma Alif has the high competition atmosphere

New Entrants. A certain industry in the marketplace is simple to follow, especially for the one who has an abundance of financial sources to enter the market, but the marketplace helped the first mover to gain the customer by the reviews collected. In this industry, one of the new entrants is Amanah owned by Supri, a Javanese that used to be a Kurma Arafah supplier. Before switching to the marketplace in 2019 seriously, Amanah Group was the only one who encourage the Tanah Abang Market newcomers, to sell Hajj and Umrah products on a long roadside of Tanah Abang Market. He has no difficulty in product supply because he is originally an importer. Now, similar to Dunia Haji, Amanah Kurma sells an imported product in unreasonable-cheap retail price product. Unclear sales target, unanalyzed advertising cost, that make the threads of the new entrants is moderate

Substitute Products. For hajj and umrah souvenirs, actually, there’s no substitute product, but for healthy food and the benefit of the content of the product can be substituted by local fruit. But, the trend of dates consumption is rising not only for eventual consumption but for daily consumption products, it is also supported by hadith that mostly became the faith of the Indonesian Muslim community majority. In this case, the substitute product thread is low.

Supplier. There are some big suppliers for hajj and umrah souvenirs and more for healthy products. Sometimes, Kurma Alif also imported the goods itself from overseas to find the best offers. It’s a low thread of supplier pressure in this business

Buyers. Shopee is the most popular e-commerce site, with 96.5 million visitors in the third quarter of 2020. Tokopedia comes in second with 85 million people, followed by Bukalapak with 31.4 million. Then there’s Lazada, which has a market capitalization of $22.7 million. The average monthly website visitors for the third quarter of 2020 are obtained from the SimilarWeb website and this number is represented about 96% of internet users in Indonesia (Pusparisa, 2019). The order for foods and beverages also increased 143% in March.
2020 and is forecasted to be 261% in the next year (Jati, 2020).

Based on the overview above, Kurma Alif has SWOT analysis as figure 2:

**Figure 2 SWOT Analysis Result of Kurma Alif**

- **Strength**
  
  Various Products in clear image in the marketplace became the first strength. The most demanded product for the current healthy lifestyle available at a competitive price such as Dates, Nuts, and Herbs. This is supported by the distribution channels in some cities around Java (Tangerang, Jakarta, Bandung, and Yogyakarta) that strengthen the brand awareness of the store. Kurma Alif is also backed up with a complex organizational structure and has separate various functions between, operation, human capital, conventional sales, marketplace sales, finance, and IT. So, the organization could focus on each function.

- **Weakness**
  
  The biggest weakness is Man Power, mostly the manpower is not well trained, is a fresh graduate, lack leadership and managerial skill. That became the main cause of misaligning the organization. The organization objective and implementation often have different goals, this is clearly shown at the moment marketplace manager didn’t know about the owner objective and rule about advertisement setting and worse because of a company culture that didn’t has any punishment for the organization member who didn’t achieve the goal or who made mistake. The company culture will understand the fault and didn’t give the person any punishment. For example when the operational team couldn’t achieve KPI such as order cut of time, the punishment only by the oral warning. So this was not triggered the team enough to make the process excellent and gain more trust from customers to repeat orders.

- **Opportunity**
  
  The high potential customer number is a big opportunity for Kurma Alif. The bigger market, the higher the revenue potential for the store. This was strengthened by the healthy lifestyle that rises until today. The awareness of a healthier life spread quickly through social media and become a big opportunity since more people become online buyers, and buy online after being educated through social media.

- **Threat**
  
  The competitor is the most challenging in the threat part. Both competitors are superior in financial support and manpower, followed by local food regulations that threaten certain products to be sold. This was also worsened by marketplace regulations that push store owners to increase sales through high service and promotional costs.

G. Digital Advertising Strategy Through Marketplace

In 2020 Kurma Alif’s digital advertising strategy objective is to support sales revenue growth unless 80% from the previous year. Since about 60% of sales revenue from previous years came from the marketplace, but the growth is still unstable, Kurma Alif decided to invest more in digital advertising through the marketplace. To achieve this target, Kurma Alif utilized the marketplace features. Kurma Alif’s marketplace revenue was growing slowly. The average revenue growth for the entire channel is less than 10%, but for the Non-Marketplace channel is 62% on average, much higher than the entire channel. For marketplace channels especially Tokopedia and Shopee, they grew about 14%. To push the sales Kurma Alif decided to invest more advertising budget through Marketplace and reach more customers in the wider market.

- **Shopee Indonesia.** Shopee Indonesia offered some Marketplace Digital Marketing Program for Kurma Alif such as Basic Feature (Shop and Decoration, Promotion Event by Shopee and Seller Initiative, Flash Sale and Voucher and Advertising both Shopee Advertising and Product Advertising and Customer Engagement Program through chat Broadcast and Shopee Live and Feed). The Special Feature is Joint Business Planning for maintaining its seller, Shopee management assigned one of Relation Manager to accompany the seller and launched the Joint Business Program as with several choices of campaign level. In 2020 Kurma Alif joined the Deluxe campaign. The campaign purpose is to increase the business scale.

  Through Shopee digital marketing. This program cost Rp 271,500,000 in total, paid 10 times from March to November 2020. Kurma Alif’s revenue growth was worse than before JBP program in 2018 and 2019. According to Shopee, Kurma Alif Achievement for JBP in 2020 agreed sales target is 99,01%, to evaluate the related program, Shopee reported as figure 3.
Marketing Facility in Tokopedia namely as promotion choices have several purposes such as to increase buyer visitor, to increase new order, to increase customer loyalty. The promotion choices that can be accessed by Kurma Alif are: TopAds, Bebas Ongkir (Free Delivery), Broadcast Chat, Rilisan Spesial (Special Launch), Flash Sale, Kupon Follower Baru (New Follower Coupon), Voucher Cashback (Cashback Voucher), Diskon Toko (Store Discount), VoucherGratis Ongkir (Free Delivery Voucher). Since the first open the store, until 2020, unlike Shopee, in Tokopedia Kurma Alif doesn’t assist by any Relation Manager. Thus, Kurma Alif manages some of the marketing tools itself and register as a Power Merchant so the store will have some privilege compared to the regular merchant, for example, free shipping subsidies, broadcast promotion, extra top ads credit, etc.

There are 3 types of Top Ads (Tokopedia Advertisement) that be used by Kurma Alif. First, Iklan Toko (Shop Advertising), similar to Shopee, will advertise the shop into a marketplace search engine. Second, Iklan Product (Product Advertising) will advertise the product into the search engine, the product position will be depended on the budget. The third type is advertising without buying any advertising balance first, unlike the 2 types previously that seller should buy balance to utilize the advertising facility. The store will be charged a commission fee as agreed before (vary to each product). The result shows that click ratio from Tokopedia search engine has a better result for Product Advertising (2,08%) than Shop Advertising (1.76%) but the advertising cost for product advertising has a higher percentage to revenue (19,2%) than the other (16,3%). In 2020, the pay later advertising use but the impression not that good. The voucher also didn’t work well. Tokopedia also offers chat broadcast, a feature that can be utilized by sellers to send broadcast chats to 3 categories of recipients: customer, potential customer, and follower. This feature is free for 600 chats and can be paid by paid ads for more receivers as shown in Figure 4.

### Table 1. Chat Broadcast Performance of Tokopedia

<table>
<thead>
<tr>
<th>No</th>
<th>Time</th>
<th>Lead</th>
<th>Read</th>
<th>Answer</th>
<th>Order</th>
<th>Info</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>March</td>
<td>1000</td>
<td>620</td>
<td>8</td>
<td>2</td>
<td>Cashback</td>
<td>67,750</td>
</tr>
<tr>
<td>2</td>
<td>April</td>
<td>225</td>
<td>215</td>
<td>10</td>
<td>3</td>
<td>Free</td>
<td>76,200</td>
</tr>
<tr>
<td>3</td>
<td>Aug</td>
<td>1708</td>
<td>1435</td>
<td>14</td>
<td>22</td>
<td>Free</td>
<td>877,400</td>
</tr>
<tr>
<td>4</td>
<td>Sept</td>
<td>600</td>
<td>516</td>
<td>5</td>
<td>0</td>
<td>New Product</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Nov</td>
<td>867</td>
<td>676</td>
<td>7</td>
<td>8</td>
<td>New Product</td>
<td>64,150</td>
</tr>
</tbody>
</table>

H. Evaluating Digital Advertising Strategy

Based on the data above, the company has never evaluated marketplace digital advertising effectivity. It may be caused by many factors including lack of human capital capacity in handling the marketplace. Kurma Alif has many marketplaces platform as a sales channel, but almost every channel can’t be managed properly. The investment in advertising also doesn’t evaluate deeply that can optimize the revenue and increase profit at the same time by advertising expense effectiveness.

To evaluate, first, the result of every marketing tool performance that is used by the company should be conducted by the company target and marketing funnel process, through ratio comparison. Second, the marketplace marketing tool can be chosen based on the effectiveness and impact to the company as an alternative strategy in developing the company marketplaces.

Currently, Kurma Alif focuses on Digital Marketing that has a high impact on sales. According to the data, in Shopee most marketplace marketing tools used to increase awareness of the product by JBP program (56,5%), voucher and cashback (24%), shop and product advertising (19,5%) as shown in figure 4. That spent 120 million rupiahs on average each month and contributed about 50% of revenue. Unlike Shopee, Tokopedia advertising expenses only in Top Ad as Paid Advertising because most of the customers didn’t have any interest to use the offered vouchers.
In terms of the marketing funnel, the marketing activity in Kurma Alif 2020 is shown as the graphic in figure 6.

![Marketing Funnel Graphic](image)

Figure 6 Marketing Funnel in Digital Advertising of Kurma Alif

According to figure 6, most marketing activity Kurma Alif in first 3 A, but less in last 2 A: Act and advocate. The impact is also shown in the customer profile that almost 79% of customers are only purchasing 1 time during 1 year and not as loyal customers. For JBP performance is also not too promising, compared to the company growth in 2 years before, the company positive company sales growth without a lot of the rule from the marketplace through JBP agreement. Such as higher price in Shopee compared to other platforms is not allowed, Shopee is also commanded to close another platform at a certain time as an exclusive agreement with Shopee. It should increase sales in Shopee to back up the less revenue from another platform, but the result of JBP itself is not good enough. In the marketing funnel concept, the current condition of Marketplace Digital advertising is as the in figure 7.

![Comparison Table](image)

Figure 7 Comparison of Advertising in Kurma Alif

The converting rate of Shop Ads 0.09% with advertising expenses for Shop Ads is 6% from order value and only contribute less than 0.04% in Total Kurma Alif revenue as show at figure 8. Product Ads has better conversion rate of the lead 0.25% with 17% cost from order value and contribute until 13% to Kurma Alif’s total revenue.

![Conversion Rate Graph](image)

Figure 8 Comparation of Advertising in Shopee and Tokopedia

In keeping customer retention via Chat Broadcast, Shopee has better conversion rate and so do the order value. The tools have no expense for shopee and has revenue better than Tokopedia.

About 34% of Kurma Alif revenue resulted from the marketplace advertising program. The most impacted program with less cost is Voucher and Cashback, followed by Product Paid Advertising then Broadcast. Shop Advertising only resulted cost but didn’t impact revenue significantly compared to Broadcast Chat program.

As shown in Figure 9, voucher and cash back had highest conversion rate and highest contribution to revenue. The second advertising tools is Product Ads that contributed in about 12.51% to revenue with the 0.25% conversion rate. Since most of customer in marketplace Kurma Alif are new comer, the marketing process in these marketplaces: The customer seen the product through ads on marketplace (Aware), then click the product to see the detail (Appeal). After click the product, customer used to see the online review by go to store page or ask the customer service (Ask), customer will find voucher offering and click follow store account to get the voucher code and get discount when buy the product (Act), otherwise customer can use the voucher next when repurchase the product (Advocate). These methods may actually attract customer. Thus, the product ads should be addressed to the most demanded products to attract more potential customers and visit the shop to enlarge the basket. The product with this specification can be shown on Exhibit 3, Kurma Sukari Al-Qassim Ember 850 Gr Original that leads 496.290 views and has ads effectivity 10.74 compared to other average advertised product (5.66).

Figure 9. Comparation of Advertising tools Performance

<table>
<thead>
<tr>
<th>Tools</th>
<th>Conversion Rate</th>
<th>% Expenses from Revenue</th>
<th>% Contribution to Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voucher &amp; Cashback</td>
<td>94.73%</td>
<td>13.04%</td>
<td>21.41%</td>
</tr>
<tr>
<td>Shop Ads</td>
<td>0.09%</td>
<td>5.73%</td>
<td>0.03%</td>
</tr>
<tr>
<td>Product Ads</td>
<td>0.25%</td>
<td>16.63%</td>
<td>12.51%</td>
</tr>
<tr>
<td>Broadcast</td>
<td>1.96%</td>
<td>0.00%</td>
<td>0.95%</td>
</tr>
</tbody>
</table>

I. The Best Digital Advertising Strategy Through Marketplace Program

In achieving the Kurma Alif’s digital advertising objective, the company should utilize the right strategy through marketplace for ensuring advertising investment is effective and has the impact for the company in long run. The strategy through marketplace by optimizing high demanded product with most customer leads to view then attract customer to purchase by offering vouchers in Marketplace. to retain customer, the company can utilize the chat broadcast and switch another investment budget on marketplace to these methods.
4. CONCLUSIONS

In achieving the Kurma Alif digital advertising objective, the company should utilize the right strategy through marketplace for ensuring advertising investment is effective and has the impact for the company in long run. The strategy through marketplace by optimizing high demanded product with most customer leads to view then attract customer to purchase by offering vouchers in Marketplace. To retain customer, the company can utilize the chat broadcast and switch another investment budget on marketplace to these methods.

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Online Consumer Review in Building Willingness to Buy for Consumers of Food Products in Marketplaces during the Covid-19 Pandemic

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ABSTRACT

Online shopping is one of the alternatives that people do during the COVID-19 pandemic. Food and health equipment are products that are experiencing an increase in online transactions. Willingness to buy when consumers have confidence in the product, and when they want to shop online, consumers usually consider online consumer reviews and online consumer ratings available in the marketplace, which provide information about the product and recommendations from the consumer's perspective. That is, willingness to buy can be made through online consumer reviews and online consumer ratings. This study aims to obtain (1) an overview of online consumer reviews (2) online consumer ratings (3) a description of willingness to buy (4) the magnitude of the influence of online consumer reviews on willingness to buy (5) the magnitude of the influence of online consumer reviews on availability. Based on the objectives, this research is classified into descriptive and verification types. The sample in this study was 200 respondents who were collected using purposive sampling method. The analysis technique used is the Structure Equation Model (SEM). The results showed that the description of online consumer reviews was in the fairly good category, online consumer ratings were in the fairly good category, and availability was in the fairly good category.

Keywords: Online Review, Online Rating, Willingness to Buy.

1. INTRODUCTION

The outbreak of the coronavirus (Covid-19) has spread to more than 160 countries in the world, including Indonesia. Based on the latest data dated July 14, 2020, there have been 76,891 cases of COVID-19 in Indonesia. China officially reported the presence of the coronavirus to the World Health Organization (WHO). An appeal to prevent the chain of spreading this virus requires people to stay at home, and the Indonesian government's policy issued PP No. 21 of 2020 on December 31, 2019, concerning Large-Scale Social Restrictions to limit movement of people and goods that requires the public if there is no urgent need to stay at home.

The Ministry of Commerce appealed to the public to take advantage of online shopping to break the chain of the spread of Covid-19. It also implements the Large-Scale Social Restriction (PSBB) policy, as stated by the Minister of Trade. Agus Supramantio stated that the implementation of Work from Home (WFH) during the Coronavirus (Covid-19) pandemic has an impact on increasing online shopping for several products, especially health products. This was revealed by the online trade industry association, the Indonesia E-Commerce Association (IdEA). One of them uses a marketplace, namely a system of selling, purchasing, and marketing products by utilizing online electronic media [1]. This causes changes in consumer behavior with an increase in sales of various products supporting activities and household needs on the marketplace platform [2].

Behavior is closely related to objects whose studies are directed at human problems. A good understanding of the consumer decision process in buying will have an impact on the formulation of a better marketing strategy.
for the company (Saputra, in [3]). The concept of consumer behavior in marketing continuously has developed for decades. Consumer behavior is an action that is directly involved in getting, consuming, and spending a product or service (Nugroho J. Setiadi., in [3]).

Willingness to buy (WTB) is a consumer's desire to buy a product as a fulfillment of expectations for a product [4]. Consumers expect a lot from the product that they will buy through the packaging that is presented and the information available so that consumers have confidence in the product which then WTB appears [5]. A strong WTB can stimulate a movement including the act of buying a product. The intention to make a purchase is a form of satisfaction that studies why consumers buy a brand [6]. WTB of consumers on a product does not just happen but is influenced by many things, including subjective attitudes and norms [7].

Trust in the product is considered to have a positive effect on the WTB of the product as it fulfills expectations for a product because it is felt that the product has more value and produces a positive impact on WTB [4], [8], [9]. Trust is an important factor in stimulating WTB through the internet [10]. Several studies have also shown that customer perceived product value as an important factor influencing WTB and online service repurchase in the context of electronic/mobile commerce. WTB was first introduced by Chades W. Lamb, Jr. and Crawford in 1982 in the foreign product industry [11]. WTB is often researched by academics and business people, so there are many researchers about WTB [12] [13] [14].

In a survey conducted by Circlo, the increase in new marketplace users during this pandemic was around 12 million which has been running for almost 9 months, including 58% female users and 42% male users, then from 12 million new users, almost 40% have made online shopping a new habit (www.sirclo.com) The stay-at-home advice has led to an increase in demand for basic commodities. According to one Indonesian retailer, the average increase during social distancing is 50%. Online shopping services and home delivery have also become consumer demands. Table 1 shows an increase in marketplace sales during the pandemic, in which electricity purchases rose to 3%, food/beverage purchases rose to 8%, pulses/data packages rose to 14%, health rose to 20%, groceries rose to 51%. This shows that food products during this pandemic are the main interest of the Indonesian people with a fairly high increase, which is around 51% of sales before this pandemic.

### Table 1. Increasing marketplace sales during pandemic.

<table>
<thead>
<tr>
<th>No</th>
<th>Types of products</th>
<th>Enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electricity</td>
<td>3%</td>
</tr>
<tr>
<td>2</td>
<td>Food / Drink</td>
<td>8%</td>
</tr>
<tr>
<td>3</td>
<td>Credit/Data Packages</td>
<td>14%</td>
</tr>
<tr>
<td>4</td>
<td>Health</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>Food product</td>
<td>51%</td>
</tr>
</tbody>
</table>

Marketplaces offer many potential advantages for businesses, the main advantages expressed by the extant marketplace literature are reduced costs, increased sales, increased productivity, reduced processing time, extended market reach, and increased customer loyalty [15]. Before Covid-19, the marketplace was just an option. While for now, it is very important for retail stores and manufacturers to sell products through the marketplace platform to be able to maintain their business. This will have a positive long-term impact because consumers will be more accustomed to shopping online [2]. Table 1 shows a marketplace that is often used during this pandemic with the highest number of users obtained by the shop is 85% usage.

Internet technology has become like a staple food for society in the era of the digital era. The internet changes the way people do business, socialize, share information, and even change behavior patterns and lives between individuals and groups [16]. The revolution in the economic field is marked by the development of internet-based businesses or buying and selling online. Technology and the internet have changed the way of marketing. In recent years, Nielsen Global Online has shown that online shopping consumer behavior in Indonesia is unique. People in developed countries tend to buy electronic goods or IT products online, but these goods are not selling well in Indonesia [17].

The internet has grown rapidly over the last decade and has changed consumer behavior in shopping patterns from conventional to digital markets as e-commerce. As internet usage has spread rapidly, consumers are shifting from passive consumers to active and informed consumers. Electronic media, such as online discussion forums, electronic bulletin board systems, and newsgroups, are important sources of information influence that facilitate the exchange of information among consumers. Web-based technology has created many opportunities for electronic word-of-mouth (eWOM) communication [18].

The development of social media in the world makes it easy for companies that have brands to be known by many people, one of which has been described previously is Twitter. Twitter is experiencing rapid growth every year. Twitter has become a marketing tool in business, a casual medium for communication, even a campaign tool in politics [19]. The right use of social media will attract consumers to buy products or use the services offered. Digital marketing in Indonesia is increasingly being used.
as a way to promote sales. Business activities can be carried out with the help of social media [20].

Online shopping sites or e-commerce sites allow companies to offer customers a greater choice of products and higher efficiency than physical retail (Dedeke in [21]). The existence of the internet provides opportunities for individuals to use social media such as email, Twitter, and Facebook to communicate with others without having to meet face to face.

Table 2. Marketplace which is frequently used in pandemics.

<table>
<thead>
<tr>
<th>No</th>
<th>Marketplace</th>
<th>Exercise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shopee</td>
<td>85%</td>
</tr>
<tr>
<td>2</td>
<td>Tokopedia</td>
<td>66%</td>
</tr>
<tr>
<td>3</td>
<td>Lazada</td>
<td>49%</td>
</tr>
<tr>
<td>4</td>
<td>Bukalapak</td>
<td>41%</td>
</tr>
<tr>
<td>5</td>
<td>JD.id</td>
<td>27%</td>
</tr>
<tr>
<td>6</td>
<td>Bibli.com</td>
<td>27%</td>
</tr>
</tbody>
</table>

Competition in the marketplace is also increasing activities provide information about the company, the goods and services offered, take and place orders, receive payments, goods and services delivery, after-sales service or contact, suppliers identification, and purchase supplies non-sales services, inventory, communicating with internal and external parties, exchanging documents and designs with customers or suppliers, seeking information, advertising and recruitment activities, competing with each other to gain the trust of marketplace users [15].

One of the important factors that customers are interested in when deciding to buy a product or service is price. Consumers today are very sensitive to the price of a product. Price is the total value intended by consumers for the benefits obtained or used for products and services [1]. If the price set by the company is right and in accordance with the purchasing power of consumers, then the selection of a particular product will be imposed on the product. A product will be more easily accepted by consumers when the price of the product can be reached by consumers. Judging from the price factor, there are a lot of discounted online shops listed on their products, which is done to attract more consumers [22].

The competition includes all offers and substitute products offered by competitors, both actual and potential, that a consumer might consider (Kotler, 2012, in [23]). The advantage of the growth of e-commerce is that it has opened up business opportunities to establish an online startup company. 2016 was a profitable year for startup companies in Indonesia because the startup industry had a greater impact on society and began to attract global attention (Karimuddin, in [24]). If a company has a low value of customer-based brand equity, it will cause failure to achieve brand resonance, reduce consumer judgment, and feelings towards the brand can even reduce company revenue (Keller, 2013, in [24]).

Table 3 describes the price comparison of the cheapest food products from several online stores such as Shopee, Tokopedia, Lazada, Bukalapak Jd.id, bibili.com, and from several offline stores such as Alfamart, Indomaret, Yomart. With the total shopping of 20 food products purchased in offline stores and online stores, the total purchase in the online stores of Rp. 194,498 is cheaper than in the offline stores which are Rp. 213,940, in which 14 food products are cheaper at online stores and 6 food products are cheaper at offline stores.

The marketplace feature in Indonesia provides a place for consumers to share experiences, provide comments on products and feedback about the seller, and sellers can provide product descriptions as one strategy to give trust to consumers through online consumer reviews and online consumer ratings of products in the marketplace. This is to minimize the incidence of fraud and crime on the internet or cybercrime which also affects customer trust [25]. Reviews that are user-generated content are called online consumer reviews. Online consumer reviews (OCR) and online consumer ratings, as a type of electronic word-of-mouth (e-WOM), provide product information and recommendations from a consumer perspective requiring that consumers feel that the brand has the ability and willingness to continue to deliver what consumers want [26]; [27].

Consumers can see the truth through online consumer reviews in the consumer comments column after buying the product [28], and they can see the truth about the product through online consumer ratings [29]. Several studies have shown that online consumer reviews and online consumer ratings created from consumer trust in these products are still a problem for the emergence of consumer WTB [30]. The product will be obtained based on the level of service provided to consumers, which creates a good reputation with high-quality standards and exceeds other companies that sell similar products [31].

Every company must have the power and be reactive in paying attention to market needs in the context of a strategy in marketing competition and maintaining its products in market share to gain trust and brand loyalty from consumers.

The company cannot only attract new customers but the company must also be able to retain its customers and avoid switching intentions because many companies suffer losses due to losing customers. Loss of customers is a serious threat to the company and will affect the company’s profits. Then, companies must keep their customers so that customers do not have the intention to switch [32].
Companies must provide marketing stimuli that can be controlled through product, price, place/location, and integrated promotion (marketing mix) to produce the desired response in the target market (Kotler & Armstrong, 2008, in [33]).

The purpose of this study was to obtain findings regarding the influence of online consumer reviews and online consumer ratings on willingness to buy on food product consumers in marketplaces during the Covid-19 pandemic.

2. METHODS

2.1. Object of Research

This research was conducted in less than one year, so the data collection technique used in this study was the cross-sectional method. The sampling technique used in this study was probability sampling with simple random sampling. The data sources used consist of primary data derived from respondents' responses to the dimensions of willingness to buy, online consumer ratings, and online consumer reviews on consumer food products in the marketplace, as well as secondary data from several kinds of literature. Data collection techniques used were questionnaire studies and field studies.

2.2. Population and Sample

The population in this study were Shopee, Tokopedia, Bukalapak, Lazada, and Bibili consumers totaling 341,243,200 people or accounts, and Beautynesia.id followers totaling 366,000 people on February 9, 2021. Samples were taken based on the minimum sample size reference for the SEM model that Kelloway revealed at least 200 respondents. The relationship between the number of variables and the minimum sample size in the SEM-PLS model, if using 3 variables, then the sample used is at least 200 respondents. Thus, the sample in this study amounted to 200 respondents.

3. RESULTS AND DISCUSSION

3.1. Data Normality

The distribution of data must be analyzed through a normality test to see if the assumption of normality is met so that the data can be further processed for modeling. If the data distribution can form a normal distribution, then the normality of the data is fulfilled.

The requirements for normally distributed data are stated by the criteria for the skewness critical ratio value (skew) that is generated, which must be less than (≤) 2.58, or in the range of ± 2.58. Reference [34] explained that the normality assumption must be met in a normal multivariate manner as a consequence of a large number of samples and the use of the ML estimation method, provided that the multivariate critical ratio is below 2.58. The results of the data normality test are presented in Table 3.

Table 3. Data normality test results.

<table>
<thead>
<tr>
<th>Variable</th>
<th>min</th>
<th>max</th>
<th>skew</th>
<th>c.r.</th>
<th>kurtosis</th>
<th>c.r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV</td>
<td>1,000</td>
<td>7,000</td>
<td>-0.302</td>
<td>-1.742</td>
<td>-0.535</td>
<td>-1.543</td>
</tr>
<tr>
<td>PRV</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.012</td>
<td>0.072</td>
<td>-0.798</td>
<td>-2.303</td>
</tr>
<tr>
<td>PPQ</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.142</td>
<td>-0.820</td>
<td>-0.691</td>
<td>-1.993</td>
</tr>
<tr>
<td>PR</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.197</td>
<td>-1.138</td>
<td>-0.535</td>
<td>-1.544</td>
</tr>
<tr>
<td>LK</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.121</td>
<td>-0.700</td>
<td>-0.889</td>
<td>-2.566</td>
</tr>
<tr>
<td>EX</td>
<td>1,000</td>
<td>7,000</td>
<td>-0.212</td>
<td>-1.225</td>
<td>-0.527</td>
<td>-1.521</td>
</tr>
<tr>
<td>CR</td>
<td>1,000</td>
<td>7,000</td>
<td>-0.082</td>
<td>-0.476</td>
<td>-0.608</td>
<td>-1.756</td>
</tr>
<tr>
<td>VM</td>
<td>1,000</td>
<td>7,000</td>
<td>-0.430</td>
<td>-2.484</td>
<td>-0.076</td>
<td>-2.219</td>
</tr>
<tr>
<td>VL</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.273</td>
<td>-1.578</td>
<td>-0.762</td>
<td>-2.199</td>
</tr>
<tr>
<td>TM</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.016</td>
<td>-0.090</td>
<td>-0.402</td>
<td>-1.161</td>
</tr>
<tr>
<td>SC</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.167</td>
<td>0.961</td>
<td>-0.623</td>
<td>-1.799</td>
</tr>
<tr>
<td>AQ</td>
<td>2,000</td>
<td>7,000</td>
<td>-0.045</td>
<td>-0.261</td>
<td>-0.493</td>
<td>-1.422</td>
</tr>
<tr>
<td>Multivariate</td>
<td></td>
<td></td>
<td>6,491</td>
<td>2,504</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 3, the skewness critical ratio value of all indicators (univariate) shows a normal distribution because each value is between -2.58 to 2.58, or below 2.58. While the multivariate critical ratio value is 2.504, so it can be interpreted that the data of this are normally distributed.

3.2. Measurement Model Fit

3.2.1. Construct Exogenous Online Consumer Review

Based on Figure 1, it can be seen that the exogenous construct measurement model as a whole can be said to be fit because it has a P-value = 0.182 > 0.05, CMIN/DF value = 1.623 < 2.00, RMSEA = 0.056 < 0.08, GFI = 0.990 ≥ 0.90, AGFI = 0.952 ≥ 0.90, TLI = 0.971 ≥ 0.90, CFI = 0.991 ≥ 0.90, NFI = 0.978 ≥ 0.90, IFI = 0.992 ≥ 0.90, PNFI value = 0.294 (quite high), and PGFI value < GFI.

Information: AQ = Argument Quality Dimension; SC = Source Credibility Dimension; TM = Timeless Dimension; VL = Dimension of Valence; VM = Volume Dimension; e = Error (Error)

Figure 1. Construction measurement model exogenous Online Consumer Review
The items or indicators of a latent construct must converge or share a high proportion of variance which is called convergent validity [34]. The measurement of the validity of the construct can be seen from the value of the loading factor. In cases where there is high construct validity, a high loading value on a factor (latent construct) indicates that the indicators converge at one point. One of the conditions that must be met is that the loading factor must be significant. Testing the validity and reliability of the exogenous model is presented in Table 4.

### Table 4. Validity and reliability of measurement models of exogenous construction Online Consumer Review.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Estimate</th>
<th>SRW</th>
<th>S. E.</th>
<th>C.R.</th>
<th>P</th>
<th>Construct Reliability (≥0.70)</th>
<th>Average Variance Extract (≥0.50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AQ=OCR</td>
<td>RW</td>
<td>1.194</td>
<td>0.573</td>
<td>1.156</td>
<td>7.647</td>
<td>***</td>
<td>0.95</td>
</tr>
<tr>
<td>EC=OCR</td>
<td></td>
<td>1.231</td>
<td>0.694</td>
<td>1.213</td>
<td>7.242</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>VS=OCR</td>
<td></td>
<td>1.896</td>
<td>0.248</td>
<td>1.803</td>
<td>7.665</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td>VM=OCR</td>
<td></td>
<td>1.334</td>
<td>0.073</td>
<td>1.323</td>
<td>7.093</td>
<td>.001</td>
<td></td>
</tr>
</tbody>
</table>

Reference [34] explained that several researchers used the criterion of convergent validity or standardized loading estimate 0.70 which is considered to have good validity for established research, while the loading factor value of 0.50 – 0.60 is still acceptable for initial research. Malhotra (2015) suggested that the loading factor value should be greater than 0.50 for the standard on the indicator. A high indicator loading factor value indicates that the indicators are clustered on the same variable and the indicator is valid and can form a variable.

Based on Table 4, it is known that all standardized loading factor values (SRW) for each indicator are more than 0.5 so it can be said that all indicators have good validity to measure the Online Consumer Review (OCR) variable.

The reliability of the model was measured by employing Construct Reliability (CR) and the average value of Variance Extract (AVE) where [34] stated that a construct has good reliability if the AVE value is 0.50, and the CR is 0.70, while reliability 0.60 – 0.70 is still acceptable on the condition that the validity of the indicators in the model is good. The construct reliability (CR) values and the average variance extract (AVE) listed in Table are obtained from the following calculations:

\[
CR = \frac{(2,528)^2}{(2,528)^2 + 0,574} = \frac{6,291}{6,965} = 0,92
\]

\[
AVE = \frac{2,528}{2,528 + 0,574} = 0,81
\]

Based on the calculation above, it can be seen that the CR value = 0.95 0.70 and the AVE value = 0.81 0.50 so it can be said that the exogenous Online Consumer Review construct has good reliability.

### 3.2.2. Construct of Exogenous Online Consumer Rating

Based on Figure 2, it can be seen that the exogenous construct measurement model as a whole can be said to be fit because it has a P-value = 0.238 > 0.05, CMIN/DF value = 1.395 < 2.00, RMSEA = 0.045 0.08, GFI = 0.997 0.90, AGFI = 0.981 0.90, TLI = 0.992 0.90, CFI = 0.997 0.90, NFI = 0.990 0.90, IFI = 0.997 0.90, PNFI value = 0.330 (quite high), and PGFI value < GFI

![Figure 2. Measurement Model of Exogen Online Consumer Rating Construction.](image)

Based on Table 5, it is known that all standardized loading factor values (SRW) for each indicator are more than 0.5, so it can be said that all indicators have good validity in measuring the Online Consumer Rating variable.

### Table 5. Validity and reliability of online consumer rating exogen construction measurement models.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Estimate</th>
<th>SRW</th>
<th>S. E.</th>
<th>C.R.</th>
<th>P</th>
<th>Construct Reliability (≥0.70)</th>
<th>Average Variance Extract (≥0.50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR=OCR</td>
<td>RW</td>
<td>0.825</td>
<td>0.085</td>
<td>0.940</td>
<td>4.259</td>
<td>***</td>
<td>0.97</td>
</tr>
<tr>
<td>EX=OCR</td>
<td></td>
<td>1.000</td>
<td>0.815</td>
<td>1.006</td>
<td>4.259</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td>LK=OCR</td>
<td></td>
<td>1.000</td>
<td>0.865</td>
<td>1.042</td>
<td>2.927</td>
<td>***</td>
<td></td>
</tr>
</tbody>
</table>

The reliability of the model was measured using Construct Reliability (CR) and the average value of Variance Extract (AVE) where [34] stated that a construct has good reliability if the AVE value is 0.50, and the CR is 0.70 while reliability 0.60 – 0.70 is still acceptable on the condition that the validity of the indicators in the model is good. The construct reliability (CR) values and the average variance extract (AVE) contained in Table are obtained from the following calculations:

\[
CR = \frac{(2,464)^2}{(2,464)^2 + 0,148} = \frac{6,071}{6,219} = 0,97
\]

\[
AVE = \frac{2,464}{2,464 + 0,148} = 0,94
\]
Based on the above calculation, it can be seen that the CR value = 0.97 0.70 and the AVE value = 0.94 0.50 so that it can be said that the exogenous Online Consumer Rating construct has good reliability.

3.2.3. Endogenous Willingness to Buy construct

In Figure 3, it can be seen that the overall endogenous construct measurement model can be said to be fit because it has a P-value = 0.568 > 0.05, CMIN/DF value = 0.325 < 2, RMSEA = 0.000 < 0.08, GFI = 0.999 0.90, AGFI = 0.992 0.90, TLI = 1.005 0.90, CFI = 1.00 0.90, IFI = 1.001 > 0.9, NFI = 1.00 > 0.9, PNFI = 0.167 and PGFI < GFI.

3.2.4. Structural Model Fit

Evaluation or analysis of the structural model is related to testing the relationship between exogenous latent variables and endogenous latent variables, as well as testing the relationship between endogenous latent variables in accordance with the hypothesis that has been compiled in a study. Figure 4 shows an image of the standardized loading factor estimation parameter of the structural model after the goodness of fit test is carried out, which is presented as follows:

Based on Table 6, it is known that all standardized loading factor values (SRW) for each indicator are more than 0.5, so it can be said that all indicators have good validity in measuring the Willingness to Buy variable.

The reliability of the model was measured by employing Construct Reliability (CR) and the average value of Variance Extract (AVE) where [34] stated that a construct has good reliability if the AVE value is 0.50, and the CR is 0.70 while reliability 0.60 – 0.70 is still acceptable on the condition that the validity of the indicators in the model is good. The values of construct reliability (CR) and average variance extract (AVE) are contained in Table 7.

3.2.5. Overall Model Fit

The overall fit test of the model is carried out to evaluate in general the degree of fit or goodness of fit. In the Goodness of fit test, the assessment criteria can be carried out according to the opinions of various experts. The goodness of fit test indicators and cut-off values are used in the suitability of this research model.
Table 8 The results of the Goodness of Fit Test provide information that the entire Goodness of Fit measure is in accordance with the recommendations and is greater than the cut-off value, so it can be said that the overall model is fit. Good results are shown by the three overall fit model criteria values, namely the RMSEA value of 0.031 0.08 (good fit), AGFI value of 0.927 0.90 (good fit), TLI value of 0.992 0.90 (good fit). So that this research model is declared feasible in a good fit to be used as a tool in confirming the theory that has been built based on existing observational data, in other words, the research model can be accepted.

Table 8. The Goodness of Fit Test Results

<table>
<thead>
<tr>
<th>No</th>
<th>Goodness-of-Fit Measures</th>
<th>Cut-off value</th>
<th>Hasil</th>
<th>Evaluasi</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chi-square (X²) (df=263)</td>
<td>X²critical &gt; X²table (77,41858)</td>
<td>44,214</td>
<td>Good Fit</td>
</tr>
<tr>
<td>2</td>
<td>Goodness of Fit Index (GFI)</td>
<td>GFI ≥ 0.90 good fit, 0.80 ≤ GFI &lt; 0.90 marginal fit</td>
<td>0.965</td>
<td>Good Fit</td>
</tr>
<tr>
<td>3</td>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>RMSEA &lt; 0.05 close fit, 0.05 ≤ RMSEA &lt; 0.08 good fit</td>
<td>0.031</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incremental Fit Measures</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TLI</td>
<td>TLI ≥ 0.90 good fit, 0.80 ≤ TLI &lt; 0.90 marginal fit</td>
<td>0.992</td>
<td>Good Fit</td>
<td></td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.90 good fit</td>
<td>0.927</td>
<td>Good Fit</td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>CFI ≥ 0.90 good fit, 0.80 ≤ CFI &lt; 0.90 marginal fit</td>
<td>0.996</td>
<td>Good Fit</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parsimonious Fit Measures</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GFI</td>
<td>P&lt; GFI</td>
<td>0.458</td>
<td>Good Fit</td>
<td></td>
</tr>
<tr>
<td>PGFI</td>
<td>The higher the better, compared to alternatives model</td>
<td>0.546</td>
<td>Good Fit</td>
<td></td>
</tr>
</tbody>
</table>

3.2.6. Model Re-specification

This stage is related to the re-specification of the model based on the results of the previous stage's suitability test. The implementation of the re-specification is highly dependent on the modeling strategy to be used. In the previous stage, the results of the model testing that were already in good fit were presented, so in this study, it is no longer necessary to have a further model re-specification stage.

3.2.7. Hypothesis test

Hypothesis testing is done by using an at-value with a significance level of 0.05 (5%) and a degree of freedom of n (sample). The t-value in the IBM SPSS AMOS version 26.0 for Windows program is the Critical Ratio (C.R.) value (Siswono, 2012:316). If the value of Critical Ratio (C.R.) is 1.967 or probability value (P) is 0.05, then H0 is rejected (the research hypothesis is accepted). Table 9 presents the overall parameter estimation data as follows:

Table 9. Overall Model Parameter Estimation Results.

<table>
<thead>
<tr>
<th>Model</th>
<th>Estimate*</th>
<th>S.E</th>
<th>C.R</th>
<th>P</th>
<th>P²</th>
</tr>
</thead>
<tbody>
<tr>
<td>RW</td>
<td>1.627</td>
<td>0.38</td>
<td>0.035</td>
<td>0.197</td>
<td>0.004</td>
</tr>
<tr>
<td>SC&lt;OCR</td>
<td>0.049</td>
<td>0.891</td>
<td>1.041</td>
<td>3.142</td>
<td>0.002</td>
</tr>
<tr>
<td>TM&lt;OCR</td>
<td>1.211</td>
<td>1.056</td>
<td></td>
<td></td>
<td>1.115</td>
</tr>
<tr>
<td>VLC&lt;OCR</td>
<td>0.947</td>
<td>0.473</td>
<td>0.159</td>
<td>2.747</td>
<td>0.006</td>
</tr>
<tr>
<td>VM&lt;OCR</td>
<td>1.114</td>
<td>0.472</td>
<td>3.162</td>
<td>2.763</td>
<td>0.006</td>
</tr>
<tr>
<td>CR&lt;OCR</td>
<td>1.059</td>
<td>0.336</td>
<td>3.133</td>
<td>2.485</td>
<td>0.013</td>
</tr>
<tr>
<td>EX&lt;OCR</td>
<td>2.49</td>
<td>0.177</td>
<td>0.089</td>
<td>2.083</td>
<td>0.037</td>
</tr>
<tr>
<td>LK&lt;OCR</td>
<td>2.445</td>
<td>0.236</td>
<td></td>
<td></td>
<td>0.056</td>
</tr>
<tr>
<td>PR&lt;OCR</td>
<td>0.92</td>
<td>0.897</td>
<td>1.202</td>
<td>3.18</td>
<td>0.001</td>
</tr>
<tr>
<td>PPQ&lt;WTB</td>
<td>0.488</td>
<td>0.823</td>
<td>1.115</td>
<td>2.99</td>
<td>0.003</td>
</tr>
<tr>
<td>PR&lt;WTB</td>
<td>1.482</td>
<td>0.887</td>
<td></td>
<td></td>
<td>0.787</td>
</tr>
<tr>
<td>PV&lt;WTB</td>
<td>1.173</td>
<td>0.878</td>
<td>3.064</td>
<td>14.848</td>
<td>***</td>
</tr>
<tr>
<td>Average</td>
<td>1.250</td>
<td>0.626</td>
<td>4.444</td>
<td>3.826</td>
<td></td>
</tr>
</tbody>
</table>

The criteria for acceptance or rejection of the main hypothesis in this study can be written as follows:

Hypothesis:

H0 c.r 1.967 means that there is no influence of Online Consumer Review and Online Consumer Rating on Willingness to Buy

H1 c.r 1.967 means that there is an influence of Online Consumer Review and Online Consumer Rating on Willingness to Buy.

Based on Table 9, from the data processing of IBM SPSS AMOS version 26.0 for Windows, the CR value from the Online Consumer Review and Online Consumer Rating variables on Willingness to Buy was 3.826. 1.967 so that H0 is rejected, meaning that there is a positive influence of online consumer review and online consumer rating on willingness to buy. Based on the output probability value in Table 9, parameter estimation results of the online consumer review model and online consumer rating on willingness to buy overall shows a sign (***), which means that the influence value obtained is at a significance level < 0.001, the value is P 0 0.05, thus supporting the statement H0 is rejected and the relationship is at a significant level.

Table 9 as a whole also shows the magnitude of the influence of online consumer reviews and online consumer ratings on willingness to buy which has a positive value of 1.250 as seen from the output of the unstandardized total effect, or equal to 0.626 when viewed from the standardized total effect output. Based on this value, it can be said that there is a positive and significant effect between online consumer review and
Table 10. Implied Correlation of All Variables.

<table>
<thead>
<tr>
<th></th>
<th>PV</th>
<th>PRV</th>
<th>PPQ</th>
<th>PR</th>
<th>LK</th>
<th>EX</th>
<th>CR</th>
<th>VM</th>
<th>VL</th>
<th>TM</th>
<th>SC</th>
<th>AQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRV</td>
<td>-0.76</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PPQ</td>
<td>0.730</td>
<td>-0.337</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>0.878</td>
<td>0.235</td>
<td>-0.516</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LK</td>
<td>0.624</td>
<td>0.207</td>
<td>0.284</td>
<td>0.537</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EX</td>
<td>0.318</td>
<td>0.127</td>
<td>0.223</td>
<td>0.331</td>
<td>0.318</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td>0.162</td>
<td>0.279</td>
<td>0.183</td>
<td>0.190</td>
<td>0.611</td>
<td>-0.294</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VM</td>
<td>0.412</td>
<td>0.473</td>
<td>0.475</td>
<td>0.404</td>
<td>0.319</td>
<td>0.308</td>
<td>-0.349</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VL</td>
<td>0.518</td>
<td>0.574</td>
<td>0.503</td>
<td>0.539</td>
<td>0.544</td>
<td>0.537</td>
<td>-0.555</td>
<td>0.371</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TM</td>
<td>0.167</td>
<td>0.113</td>
<td>0.180</td>
<td>0.096</td>
<td>0.296</td>
<td>-0.117</td>
<td>0.294</td>
<td>-0.163</td>
<td>-0.515</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC</td>
<td>0.192</td>
<td>0.087</td>
<td>0.111</td>
<td>0.148</td>
<td>0.122</td>
<td>0.274</td>
<td>0.051</td>
<td>0.098</td>
<td>0.177</td>
<td>0.613</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>AQ</td>
<td>0.285</td>
<td>0.223</td>
<td>0.183</td>
<td>0.289</td>
<td>0.275</td>
<td>0.204</td>
<td>0.070</td>
<td>0.157</td>
<td>0.374</td>
<td>0.398</td>
<td>-0.499</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on Table 10, it can be seen that the influence value or loading factor of the online consumer review dimension that forms the largest willingness to buy is the valence dimension which is correlated with the perceived product quality dimension in willingness to buy of 0.576, while the online consumer variable dimension the biggest rating that forms willingness to buy is the expert dimension which is correlated with the perceived product quality dimension in willingness to buy of 0.806.

Table 10 also presents information that the loading factor value of the online consumer review dimension that forms the smallest willingness to buy is the source credibility dimension which is correlated with the perceived product quality dimension in willingness to buy of 0.111, while the online consumer rating variable dimension is the credible dimension which is correlated with the perceived value dimension in willingness to buy variable of 0.162.

4. CONCLUSIONS

Online consumer reviews and online consumer ratings had a positive and significant influence on the willingness to buy of food products consumers in the marketplace. As it was proven by the t-statistic value with a value of 3.826 where the value was greater than 1.967 and significant in alpha (P-values < 0.005).

Online consumer reviews and online consumer ratings had a positive and significant influence on the willingness to buy of food products consumers in the marketplace. It can be seen that H0 was rejected, which means that online consumer reviews and online consumer ratings had a significant influence on willingness to buy.

Online consumer reviews and online consumer ratings had a significant positive influence on the willingness to buy of food products consumers in the marketplace. This is proven by the value generated from the output of the unstandardized total effect of 1.250, or 0.626 when viewed from the output of the unstandardized total effect, it can be said that there was a significant positive influence of online consumer review and online consumer rating on willingness to buy.

The results of the study showed that online consumer reviews had a positive effect on willingness to buy, thus it is recommended for the marketplace to maintain consumer trust by paying attention to perceived risk, perceived product quality, perceived relative price, and perceived product value to maintain consumers trust to buy in the marketplace.

The results of the study revealed that online consumer reviews had a positive effect on willingness to buy, thus it is recommended for the marketplace to maintain consumer trust by paying attention to perceived risk, perceived product quality, perceived relative price, and perceived product value to maintain consumers trust to buy in the marketplace.

REFERENCES


Fashion Involvement and Impulse Buying on Online-Based Fashion Consumers

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ABSTRACT
This study aimed to describe the fashion involvement and impulse buying of Zalora consumers in Indonesia. The research method used is an explanatory survey method with a total sample of 100 visitors to the Zalora.co.id website. The data analysis technique used is descriptive and verification using path analysis with SPSS 23.0 for windows program tools. The results of the study reveal that fashion involvement has a positive effect on impulse buying with the influence being in a strong category based on the Guilford table. This shows that fashion involvement is a fairly good trigger simultaneously for impulse buying. To grow and increase impulse buying on Zalora consumers, it is recommended to make products that can stimulate consumers to buy products.

Keywords: Marketing, Consumer Behavior, Fashion Involvement, Impulse Buying.

1. INTRODUCTION
The tight rivalry among manufacturers for a highly competitive market is currently causing several issues [1]. Companies must adapt to developments in the business environment that are occurring at an increasing rate. The challenge that companies confront today is how to attract and keep customers so that the company may survive and grow; this goal will be realized if the company implements the Marketing process [2]. The term "outlet" refers to a location where people buy items, both planned and unplanned [3]. E-commerce has also become one of the rapidly growing markets, with customers conducting a large number of transactions there [4]. Customers’ unplanned purchases are common; this phenomenon is known as an e-buying impulse [3], [5]. Over the last few decades, substantial research on impulsive buying has been conducted [6]. Large-scale research on the behavior of impulsive buying began in the 1950s [7]. DuPont and customer purchasing patterns during the era, in this case, the 50 categories of items identified in the survey of advertising agencies fell under the category of impulsive buying [7], [8]. The number of surveys indicating that the majority of sales are unplanned purchases (impulse buying) has motivated numerous researchers to begin studying how impulse buying may be converted into sales with promising profitability [9][10][11]. Impulse buying is an essential factor in marketing activities due to the complexity and frequency with which it occurs in a variety of items [12]. Research trends on impulsive buying continue to rise year after year [13], indicating that impulse buying is still a problem that can be investigated.

Nowadays, the desire for clothes is not only included in the main requirements (needs) whose fulfillment is urgent [14], but it is also a lifestyle that must be possessed [15], and has even become a psychological need [16].

The urgency of these needs and lifestyles fosters impulsive buying in fashion [17]; [18]. The fashion industry is now expanding at a fast pace. People in diverse circles have a strong desire to always appear fashionable and up to date.

Along with the expanding world of fashion, the market potential in the fashion business is becoming more and more widespread, not only in local but also in global markets [19]. A marketer must be able to evaluate...
customer attitudes and behavior to discover fashion business opportunities [20],[21],[22] and is related with pleasure and leisure [23]. A new coronavirus, also known as Covid-19 or coronavirus, has spread around the world [24]. The implementation of the social restriction policy in Indonesia has slowed the business sector since all movements must be controlled so that business actors may continue their normal activities [25]. Amid this pandemic era, people's interest in shopping has shifted to online.

Based on research conducted by the database, clothing, shoes, and accessories which are part of the fashion commodities, are the best-selling products purchased online with a proportion of 76%. This research demonstrates that fashion products are well-liked by the general population. Pets, on the other hand, were the least purchased product, accounting for 19% of all purchases. The phenomenon of online shopping is truly fertile ground for online companies, including E-Commerce, which is one of the digital marketing platforms.

According to a databox study, there is about 10 E-commerce with the highest number of visitors. Shopee is the most popular, with 96.5 million visitors. Meanwhile, Zalora had taken the final spot. This fact has become an evaluation material for Zalora's management to enhance its client services to compete with other E-Commerce sites. Based on the Top Brand Gen-Z Index of Online Shopping Indonesia in 2021, E-Commerce Zalora is still less competitive with other rivals, not just in terms of visitor numbers.

The growth of the current modern era has transformed the function of shopping which was originally for fulfilling the necessities of life into an arena where people compete to buy products or goods that should not be purchased. The impact of societal trends generates an impulse that perceives shopping as a need and necessitates the purchase of the product or item. The majority of individuals do not think about the factors that have to be considered while purchasing items. When customers view things that are considered good and appear stunning, they will be stupefied and unable to think clearly, therefore they will buy the item without thinking. As a result, customer behavior or impulsive buying behavior has a beneficial impact on business actors, particularly in the fashion sector.

According to the findings of a pre-research poll of 30 Zalora fashion customers, there is still a small proportion of Zalora fashion customers who buy items impulsively, with 30.84% answering yes and 69.14% answering no. According to various data, there are still many Zalora's customers who buy items without thinking. This situation demonstrates that Zalora's customer impulse buying is weak, which might have an influence on marketplace products sales.

Impulse buying is influenced by many factors such as customers’ emotional experiences and cognitive reactions [26], as well as environmental factors and customer reactions to stimuli received [27]. Fashion involvement has a positive effect on buying behavior, this is because fashion involvement is a state that stimulates interest in objects or circumstances [28]. These reasons show that fashion involvement greatly influences impulse buying in a positive way [28].

Many experts who study impulse buying are influenced by their participation in fashion, one of which is [29]. The results of this study indicate that Fashion Involvement has a significant positive effect on impulsive buying of Zara products. The exogenous variable utilized in this study is fashion participation since it is consistent with the occurrences seen in the field.

Spontaneous purchases occur because customers are attracted to the attributes of the products they see [30]. The information provided will be captured and processed by customers for consideration [31]. These considerations will adjust what customers feel and think [28]. The customer’s perspective, or so-called involvement, is very influential on purchasing decisions [32] especially for quick and spontaneous purchases [33].

Fashion-oriented impulse buying is closely related to involvement [17][34]. Students from the textile department, according to several studies, will carry out greater impulse buying than students from other majors [34]. This is because Fashion Involvement that is owned will trigger Impulse buying to occur [32],[34]. Especially in online shopping, a website based on feedback will become a more efficient platform in exchanging information between customers which will allow customers to easily find products with criteria that match their tastes and social needs [35].

The purpose of this research is to know the description of fashion involvement and impulse buying on Zalora consumers in Indonesia.

2. METHODS

This study discusses the effect of Fashion Involvement on Impulse buying. Two variables are used in this study: the independent variable and the dependent variable. Because path analysis is used in this study, the term variable is modified to exogenous variables and endogenous variables. In this study, the exogenous variable Fashion Involvement (X) consists of taste, pleasure, sign value, and risk probability [36]. The endogenous variable is Impulse buying (Y) which has affective and cognitive dimensions.

This is a descriptive study that uses the explanatory survey method. The type of data in this study consists of data on the general characteristics of Zalora customers in

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Indonesia as well as the data for each of the variables studied. There were two sources of data used, namely primary data and secondary data. Data collection was done using observation, interviews, and questionnaires.

The population in this study includes Zalora website visitors, who were accessed on July 11, 2021, at 22.09, totaling 3,047,021 visitors. After entering the population size into the Slovin formula, 100 samples were produced for use in the study.

Validity and Reliability Testing Techniques Because data determines the quality of study outcomes, it must be tested. To determine whether or not the data instrument should be distributed, a testing step in the form of testing validity and reliability is required. The validity of the data can be seen from the data collection instrument. A good instrument must fulfill two important requirements, namely validity and reliability.

The validity of the instrument is tested to verify that the data gathered is identical to the data that occurs in the object under study, while the reliability test is performed to determine the level of accuracy of the data collecting instruments used. The validity and reliability tests in this study were carried out using computer software tools which is the SPSS 25.0 for windows program Explanatory Analysis Techniques.

An explanatory analysis was performed when it was established that the data was obtained were normally distributed. The explanatory analysis employs statistical tests to evaluate hypotheses and focuses on revealing the behavior of study variables. The result of the analysis is data that presents a discussion of the influence or relationship between two or more variables. The data analysis technique used to determine the correlation relationship in this study is the path analysis technique.

In fulfilling the requirements of using the path analysis method, at least the data obtained is interval data. This analysis is used to determine the magnitude of the influence of the variable X (Fashion Involvement) which consists of taste, pleasure, sign-value, and risk probability (X1, X2, X3, X4) towards variable Y (Impulse buying).

3. RESULTS AND DISCUSSION

The normality test was conducted to determine whether the data obtained from the observations were normally distributed or not so that the data could be used or not in the path analysis model. To find out whether the data obtained are normally distributed or not, it can be done with statistical test analysis. The following is the Kolmogorov Smirnov test to strengthen the test results above in Table 1.1 below: Descriptive analysis was used to discover and describe the features of the variables investigated in a given circumstance. The research tool used in this research is a questionnaire. This questionnaire was compiled based on the variables contained in the study, the research variables, including...

To further present the results of the calculation of the normality of the data from the data obtained in Table 1.

Table 1. Normality Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>100</td>
</tr>
<tr>
<td>Normal</td>
<td>.0000000</td>
</tr>
<tr>
<td>Mean</td>
<td>9.41031729</td>
</tr>
<tr>
<td>Parametb</td>
<td>.068</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.051</td>
</tr>
<tr>
<td>Most</td>
<td>-.068</td>
</tr>
<tr>
<td>Absolute</td>
<td>.068</td>
</tr>
<tr>
<td>Extreme</td>
<td>.200abcd</td>
</tr>
</tbody>
</table>

After the normality test, the next step is to test the path coefficient and correlation coefficient. This study aims to determine the effect of fashion involvement sub-variables consisting of taste, pleasure, sign-value, and risk probability. The results of data processing can be seen in Table 2 below.

Table 2. Path coefficient and correlation coefficient test results

<table>
<thead>
<tr>
<th>Variable</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>1</td>
<td>0.86</td>
<td>0.738</td>
<td>0.878</td>
<td>0.751</td>
</tr>
<tr>
<td>X2</td>
<td>0.86</td>
<td>1</td>
<td>0.797</td>
<td>0.84</td>
<td>0.753</td>
</tr>
<tr>
<td>X3</td>
<td>0.738</td>
<td>0.797</td>
<td>1</td>
<td>0.8</td>
<td>0.706</td>
</tr>
<tr>
<td>X4</td>
<td>0.878</td>
<td>0.84</td>
<td>0.8</td>
<td>1</td>
<td>0.74</td>
</tr>
<tr>
<td>Y</td>
<td>0.751</td>
<td>0.753</td>
<td>0.706</td>
<td>0.74</td>
<td>1</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen the correlation of each fashion involvement sub-variable consisting of taste (X1), pleasure (X2), sign value (X3), risk probability (X4), and the impulse buying variable (Y). The correlation between fashion involvement and impulse buying yielded, among other things, a sub-variable of appetite for impulse buying of 0.751; a sub-variable of pleasure for impulse buying of 0.753; a signed value sub-variable on impulse buying of 0.706; and a risk probability sub-variable on impulse buying of 0.74.

To obtain the path coefficient, the inverse correlation matrix is associated with the correlation between...
exogenous sub-variables (X) and endogenous variables (Y). Figure 1.1 below presents a chart of correlation coefficients and path coefficients.

![Figure 1. Path diagram of variable X against Y (correlation coefficient and path coefficient)](image)

The coefficient of total determination (R²) can be calculated manually using the path coefficient matrix X₁, X₂, X₃, and X₄ and then multiplied by the Y column matrix. Meanwhile, if you use SPSS to find out, it can be seen in the R Square column as shown in Table 3 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.795*</td>
<td>0.631</td>
<td>0.616</td>
<td>9.60639</td>
</tr>
</tbody>
</table>

According to the table, a large coefficient determination total by the whole as large as 0.631 and a percentage as large as 63.1 percent indicates that the effect of fashion involvement is in a strong category. This data indicates that Zalora must continue and expand its fashion involvement. While the rest are influenced by other variables not examined in this study.

Based on the results of the study, it was concluded that there was a significant influence between taste (X₁), pleasure (X₂), sign value (X₃), and risk probability (X₄), on impulse buying (Y). To see more about the magnitude of the direct and indirect effects of each variable, it is presented in Table 4 below.

Table 4. Simultaneous Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Alternative Hypothesis</th>
<th>FCount</th>
<th>FTable</th>
<th>Sig</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>X₁,X₂,X₃,X₄</td>
<td>40.698</td>
<td>2.47</td>
<td>0.000</td>
<td>H₀ rejected</td>
<td>significant positive effect against Y</td>
</tr>
</tbody>
</table>

Based on Table 5, it can be seen that the total influence of the most dominant is taste (X₁) on impulse buying (Y) with a value of 0.210. These results can be interpreted that the direct effect of appetite (X₁) on impulse buying (Y) is in a low category. While the fashion involvement sub variable has the least dominant total influence, namely the risk probability (X₄) on impulse buying (Y) with a value of 0.095. This result can be interpreted that the direct effect of risk probability on impulse buying (Y) is in the very low category. There are no sub-variables that can increase other sub-variables indirectly except for the risk probability sub-variable (X₄). Meanwhile for the variables that can increase other sub-variables the taste sub variable (X₁).

According to the finding calculation, the coefficient of other routes that impact impulsive buying is 0.369 = 0.369 x 100% = 36.9%. This demonstrates that fashion participation in customers' fashion online-based Zalora was impacted by other variables that were not investigated by 36.9%, which is included in the weak category according to the Guilford table. Meanwhile, it is known that taste (X₁), pleasure (X₂), sign value (X₃), and risk probability (X₄) all have a 63.1 percent influence on impulsive buying.

Simultaneous testing was conducted to determine the significance of the influence of fashion involvement on impulse buying. The hypothesis of this test is the influence of taste (X₁), pleasure (X₂), sign value (X₃), and risk probability (X₄) on impulse buying simultaneously tested using SPSS 23.0 for Windows. The following are the results of simultaneous hypothesis testing data processing can be seen in Table 4.

Table 5. Path Coefficient Test Results and Correlation Coefficient

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta Coefficients</th>
<th>Direct Influence</th>
<th>Indirect Influence</th>
<th>Indirect Influence Total</th>
<th>Influence Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>X₁</td>
<td>0.279</td>
<td>0.078</td>
<td>1.000</td>
<td>0.059</td>
<td>0.042 0.313</td>
</tr>
<tr>
<td>X₂</td>
<td>0.244</td>
<td>0.060</td>
<td>0.059</td>
<td>1.000</td>
<td>0.040 0.267</td>
</tr>
<tr>
<td>X₃</td>
<td>0.204</td>
<td>0.042</td>
<td>0.042</td>
<td>1.000</td>
<td>0.040 0.213</td>
</tr>
<tr>
<td>X₄</td>
<td>0.128</td>
<td>0.016</td>
<td>0.031</td>
<td>0.026</td>
<td>0.021 0.078</td>
</tr>
<tr>
<td>Influence Total</td>
<td></td>
<td>0.631</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.1. Dependent Variable: Y

According to the table, a large coefficient determination total by the whole as large as 0.631 and a percentage as large as 63.1 percent indicates that the effect of fashion involvement is in a strong category. This data indicates that Zalora must continue and expand its fashion involvement. While the rest are influenced by other variables not examined in this study.

Based on the results of the study, it was concluded that there was a significant influence between taste (X1), pleasure (X2), sign value (X3), and risk probability (X4), on impulse buying (Y). To see more about the magnitude of the direct and indirect effects of each variable, it is presented in Table 4 below, the details of the direct and indirect effects are as follows:

Based on the table above, it can be seen that the test for the F test taken from Anova with a probability level (Sig) = 0.000 because Sig 0.05 and \( F_{\text{count}} > F_{\text{table}} \) i.e. 40.698 > 2.47, the decision is H0 rejected, meaning that overall (simultaneously) there is positive influence between fashion involvement and impulse buying on Zalora online-based fashion costumers. This result is supported by previous research which states that there is a simultaneous influence of fashion involvement on impulse buying.

3.2. Partial Hypothesis Testing

This test is conducted to determine whether each sub-variable fashion involvement has an effect or not on impulse buying. The following can be seen the partial test results in Table 6 using SPSS 23.0 for Windows

Table 6. Results of Partial Hypothesis Testing

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>S.E.</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>24.669</td>
<td>4.280</td>
<td>5.763</td>
<td>.000</td>
</tr>
<tr>
<td>X1</td>
<td>.592</td>
<td>.314</td>
<td>.279</td>
<td>1.888</td>
</tr>
<tr>
<td>X2</td>
<td>.509</td>
<td>.293</td>
<td>.244</td>
<td>1.737</td>
</tr>
<tr>
<td>X3</td>
<td>.584</td>
<td>.323</td>
<td>.204</td>
<td>1.859</td>
</tr>
<tr>
<td>X4</td>
<td>.377</td>
<td>.441</td>
<td>.128</td>
<td>.854</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that appetite gets a value of t count (1.888) > t table (1.66) with a Sig value of 0.62 > 0.05, then the Ho hypothesis is rejected, it can be interpreted that appetite has a positive and insignificant effect on impulse buying.

Based on the table above, it can be seen that pleasure gets a value of t count (1.737) > t table (1.66) with a Sig value of 0.86 > 0.05, then the Ho hypothesis is rejected, it can be interpreted that pleasure has a positive and insignificant effect on impulse buying.

Based on the table above, it can be seen that the sign variable gets a value of t count (8.184) > t table (1.649) with a Sig value of 0.74 > 0.05, then the Ho hypothesis was rejected, it can be interpreted that the sign value has a positive and insignificant effect on impulse buying.

Based on the table above, it can be seen that the risk probability of obtaining a value of t count (0.854) > t table (1.66) with a Sig value of 0.395 > 0.05, then the Ho hypothesis is rejected, it can be interpreted that the risk probability does not affect impulse buying. The results of this study are supported by the results of the journal as in the research [37], [38], [39] who said that direct effect of the lowest risk probability compared to other variables.

4. CONCLUSIONS

Simultaneous test results show that for the F test, F count (40,698) > F table (2,47). So the decision H0 is rejected, meaning that there is a positive influence between fashion involvement and impulse buying on online-based fashion costumers. For the partial test of the taste sub variable, the value of t count (1.888) > t table (1.66), then the decision H0 is rejected, meaning that the selection has a positive and significant effect on the impulse buying of online-based fashion costumers.

REFERENCES


Strategic Alliance to Build Customer Trust Bank Syariah in Indonesia

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ABSTRACT

The biggest challenge for Bank Syariah Indonesia as a merged company is maintaining customer trust. Changes in organizational structure, service adjustment processes, and other changes are prone to creating a decrease in customer trust which will have an impact on decreasing customer satisfaction and loyalty. This study aims to obtain the influence of strategic alliance on customer trust. This study used an explanatory survey method. The sampling technique used was a purposive sampling technique of as many as 150 respondents. The data analysis technique used was Simple Linear Regression analysis using IBM SPSS version 20.0 for Windows. The results showed that strategic alliance had a positive and significant influence on customer trust by 19.5%.

Keywords: Customer Trust, Strategic Alliance

1. INTRODUCTION

Based on the data from The State of Global Islamic Economy Indicator Report, Indonesia's sharia economic activity has increased very rapidly. In 2018, Indonesia's sharia economy was ranked 10th in the world and rose to 5th in the world in 2019. However, from the point of view of the domestic banking industry, the market potential of Islamic banks is quite large and has not been fully exploited. This is because there are 30.27 million new Islamic bank customers as of November 2020. When compared to the total Muslim population in Indonesia, which is 180 million, there is still a fairly large gap indicating this figure is far from expectations [1].

Figure 1. Total Indonesian Banking Assets shows that Indonesian Islamic Banks have not succeeded in entering the top 5 with the most total assets. Whereas with the model of the company resulting from the merger, Bank Syariah Indonesia is expected to be able to compete with the total assets owned by conventional banks. This indicates that customer confidence in saving or depositing their money at Bank Syariah Indonesia still needs to be improved.

One of the efforts to reduce the gap is the establishment of the Indonesian Islamic Bank. Bank Syariah Indonesia (BSI) is a bank resulting from the merger of three Islamic banks under BUMN, including BRI Syariah (BRIS), BNI Syariah (BNIS), and Bank Syariah Mandiri (BSM) which officially operates as of February 1, 2021. The establishment of Bank Syariah Indonesia is expected able to strengthen competitiveness by increasing the Indonesian Islamic financial market to occupy a higher position at the world level [2]. Other goals in the establishment of the Indonesian Islamic Bank include increasing efficiency and expanding distribution so that it is affordable by the community in various regions [3].

The biggest challenge for Bank Syariah Indonesia as a merged company is maintaining customer trust. Changes in organizational structure, service adjustment processes, and other changes are vulnerable to creating a decrease in customer trust which will have an impact on decreasing customer satisfaction and loyalty [4, 5].

Figure 1. Total Indonesian Banking Assets shows that Indonesian Islamic Banks have not succeeded in entering the top 5 with the most total assets. Whereas with the model of the company resulting from the merger, Bank Syariah Indonesia is expected to be able to compete with the total assets owned by conventional banks. This indicates that customer confidence in saving or depositing their money at Bank Syariah Indonesia still needs to be improved.

One of the factors that are considered to be able to increase customer trust in Bank Syariah Indonesia includes the implementation of a successful strategic alliance [6]. Bank Syariah Indonesia must be able to integrate all the resources owned by each pre-merger company and provide the best service according to customer needs.
Figure 1. Total Indonesian Banking Assets

Based on the description above, a research paradigm was drawn up, clearly depicted in Figure 2.

Figure 2. Research Paradigm

H1: There is an influence of strategic alliance on customer trust

1.1 Strategic Alliance

Companies that compete in today's business environment form strategic alliances for a variety of strategic goals. Through active engagement in strategic alliances, several positive outcomes from resource acquisition to synergies creation can be achieved by multiple alliance partners [8]. Strategic alliances are long-term relationships in which companies work together and are willing to change their business practices to improve performance together [9]. The dimensions of strategic alliance in this study consist of:

- Relational Capital
- Conflict Management

1.2 Customer Trust

Trust refers to the belief that one can rely on promises made by others and that the other will act in good faith and a friendly manner [13]. In many cases, customer trust is based on the bank's interactions with previous customers [14]. Although previous interactions do not guarantee that the bank's service will be as expected by the customer, customer confidence will increase if the bank previously provided services that were in line with expectations. The dimensions of customer trust in this study consist of:

- Integrity
- Reputation

2. METHODS

The variable studied in this study is customer trust (the dependent variable) which is measured through integrity and reputation, while the independent variable is the alliance strategy as measured by relational management and conflict management. This research studies objects in a certain period of time (not sustainable in the long term) where this research was conducted less
than one year so that the method used is cross sectional. The information collected is only done once in a period, so this research is one-shot or cross-sectional [20].

The sample in this study is the Indonesian Islamic Bank as many as 150 respondents who were taken using a simple random sampling technique, namely the process of selecting a sampling unit in such a way that each sampling unit in the population has the same opportunity to be selected as a sample [1]. The data sources used consist of primary data obtained from respondents’ responses and secondary data from various literatures. The verification data analysis technique used to determine the relationship in this study is Simple Linear Regression with the help of IBM SPSS version 20.0 for Windows tools.

3. RESULTS AND DISCUSSION

3.1. Classical Assumption Test for Simple Linear Regression Model

Before evaluating the measurement model in a simple linear regression regarding the effect of strategic alliance on customer trust, it is necessary to test the classical assumptions used in this study.

- Normality Test

Normality test was performed using IBM SPSS version 20.0 for Windows. Figure 3 show result of normality test.

![Figure 3. Normality Test Output.](image)

Based on Figure 3, it can be seen that the data is distributed diagonally and follows the diagonal direction. Then the regression results obtained, namely, the population meets the assumption of a normal distribution. In addition, to further strengthen the evidence of whether the research data is normally distributed, the Kolmogorov-Smirnov Test was used to test for normality. In the Kolmogorov Smirnov test, if the significance is less than 0.05, it indicates that there is a significant difference, if it is more than 0.05, it indicates that there is no significant difference. The application of the Kolmogorov Smirnov test if the significance is less than 0.05 means that the data to be tested is different from normal data, then the data is not normal. The output of the normality test is shown in Table 1.

**Table 1. Kolmogorov Smirnov Test**

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>150</td>
<td>.0000000</td>
<td>4.83321199</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
<td>Absolute</td>
<td>.101</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Positive</td>
<td>.101</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Negative</td>
<td>-.090</td>
</tr>
<tr>
<td>Test Statistic</td>
<td></td>
<td>.101</td>
<td></td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td></td>
<td>.088</td>
<td></td>
</tr>
<tr>
<td>Point Probability</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on Table 1, it is known that the significant level is 0.088 or greater than 0.05 so it can be said that the data is normally distributed.

- Linearity Test

From the results of Table 2, it is known that the deviation from linearity value has a significance value of 0.709 > 0.05. So it can be concluded that there is a significant linear relationship between strategic alliance and customer trust.

**Table 2. Linearity Test**

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer_Trust * Strategic_Alliance Between Groups (Combined)</td>
<td>3106.383</td>
<td>11</td>
<td>28.398</td>
<td>1.954</td>
</tr>
<tr>
<td>Linearity</td>
<td>845.343</td>
<td>1</td>
<td>845.343</td>
<td>95.653</td>
</tr>
<tr>
<td>Deviation from Linearity</td>
<td>2261.041</td>
<td>10</td>
<td>6.104</td>
<td>5.584</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1219.590</td>
<td>138</td>
<td>8.838</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4325.973</td>
<td>149</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.2. Simple Linear Regression Analysis

The independent variable in this study is strategic alliance while the dependent variable is customer trust. To test whether there is an independent effect on the dependent variable, simple regression testing was conducted.

- Coefficient of Determination

Table 3. Coefficient of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. The error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.442</td>
<td>.195</td>
<td>.190</td>
<td>4.850</td>
</tr>
</tbody>
</table>

**Table 3. Coefficient of Determination**

Based on Table 3, the result of calculating the coefficient of determination for strategic alliance toward customer trust is 19.5%, while 80.5% is influenced by factors not examined in this study.

3.3 Hypothesis Test

- F-test

To test the significance of strategic alliance effect on customer trust, the F test in Table 4 can be used.

Table 4. F Test Significance Value

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>845.343</td>
<td>1</td>
<td>845.343</td>
<td>35.945</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>3480.631</td>
<td>148</td>
<td>23.518</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4325.973</td>
<td>149</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 4. F Test Significance Value**

To test the significance of strategic alliance effect on customer trust, the F test in Table 4 can be used.

Table 4 shows the test for the F test taken from Anova with a probability level (Sig) = 0.000, the significance level of 0.05 is < 0.05, which indicates that there is an influence of strategic alliance on customer trust at Bank Syariah Indonesia.

- t-Test

The results of hypothesis testing are in Table 5.

Table 5. Test Significance Value

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>54.781</td>
<td>6.944</td>
</tr>
<tr>
<td>Strategic Alliance</td>
<td>.771</td>
<td>.129</td>
</tr>
</tbody>
</table>

**Table 5. Test Significance Value**

Based on Table 5, the calculation of the t-test with the help of the SPSS 25.0 for the windows program obtained a t-count of 13,420 with a significance level of 5%. Compared to the t-table value, the t-count value is higher than the t-table value (5.995 > 1.976), so it can be concluded that there is a positive effect of strategic alliance on customer trust in Bank Syariah Indonesia.

4. CONCLUSIONS

Based on the results of research that has been carried out using verification analysis using the Simple Linear Regression analysis between strategic alliance and customer trust in Bank Syariah Indonesia, the following conclusions can be drawn. Based on the research results, it was revealed that strategic alliance affected customer trust. This showed that the higher the strategic alliance, the higher the customer trust. The existence of this research is expected to be able to assist further researchers in examining strategic alliance and customer trust either by using the same or different indicators from more diverse theoretical sources and on different objects because there are many limitations in this study, especially those related to research methods and data collection techniques.

REFERENCES


Brand Commitment Analysis in Improving Electronic Word of Mouth

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ABSTRACT
This study aims to determine the effect of brand commitment on electronic word of mouth on music streaming application users in Indonesia. The research method used is quantitative with as many as 400 respondents who use streaming music applications. The data analysis technique uses path analysis. The results showed that brand commitment had an effect on electronic word of mouth. The dimension of continuance commitment in brand commitment gives the greatest contribution to electronic word of mouth.

Keywords: Brand Commitment, Electronic Word of Mouth, eWOM, Streaming Music App

1. INTRODUCTION

Good marketing will have a good impact on the company [1]. When customers buy products online, customers are always required to write reviews and that's when the role of word of mouth (WOM) is used [2]. Not a few marketers have a skeptical view and look down on this WOM promotion because often this promotion requires opinion leaders who are difficult to find [2]. In addition, word of mouth (WOM) tends to be more difficult to control. Word of mouth (WOM) can be more effective than advertising. WOM is a promotional activity whose level of control by marketers is very low [3]. Every company is interested in using the concept of WOM promotion but does not improve its quality so that public reviews are not good, therefore WOM can be a boomerang for companies [4].

In the current digitalization era, WOM has changed its name to eWOM (Electronic Word Of Mouth) if the communication is done on social media or the internet [5]. As technology develops, the influence of consumer communication is accelerated through the internet [6]. eWOM is a positive or negative statement made by potential, actual, or former consumers about a product or company via the internet [7]. Social networks, such as Instagram, Twitter, and Facebook, are becoming an important force in both business-to-consumer marketing and business-to-business marketing [8].

eWOM has been studied in various industries such as manufacturing and online transportation [9][10]; platforms [11]; tourism (TripAdvisor app) [12]; e-commerce [13]; services [14] and streaming music [15]. The music streaming industry is greatly affected by the rapid developments in the field of information technology which has resulted in the way people listen to music experiencing significant changes because the current digital generation prefers to listen to music online through their digital devices [15].

The competition for music streaming media in Indonesia continues to increase, with billions of users worldwide enjoying music streaming services on various applications [16]. Many companies engaged in the music streaming media industry are starting to penetrate the Asian market, especially in Indonesia. The emergence of music streaming has brought many changes as well as becoming a new medium in the development of technology in the field of music [16].

Table 1 Playstore Ratings for Music Streaming Applications for 2018 – 2020, where the Spotify, Joox, Soundcloud, Langit Musik, and Google play music applications are the most popular applications in Indonesia, these music streaming applications have different ratings based on the accumulation of users who wrote reviews on them. This shows that the rating on the Play Store is taken into consideration by the community.
in downloading the desired application because people do not want to take risks with poor application performance.

Table 1. Rating of Music Streaming Application
Playstore in 2018 - 2020

<table>
<thead>
<tr>
<th>APPLICATION</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOUNDCLOUND</td>
<td>4.6</td>
<td>4.6</td>
<td>4.5</td>
</tr>
<tr>
<td>SPOTIFY</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>JOOX</td>
<td>4.3</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>LANGITMUSIK</td>
<td>4.1</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>GOOGLE PLAY MUSIC</td>
<td>4.0</td>
<td>4.1</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Source: data was adopted from Google Playstore on January 31, 2020, at 08.22 am

People, in general, do not want to take the risk of downloading applications with poor application performance, so users will also see application reviews to see other users' experiences with the application. The application rating will decrease if it has many shortcomings and the impact of application users gives a small rating. Good reviews are common in the industry and are valued as a reward for satisfied users for the quality of the application. But bad reviews will be the focus of users in the decision to download the application because users can measure what other users' complaints are potentially also experienced when using the application [17]. A bad review will also have an impact on the image of the application because from the bad review the user will judge the quality of the application as good or bad. Table 2 shows what bad reviews are in the music streaming application on the Playstore, all applications have shortcomings and bad reviews, every bad review will be used as a lesson for updating the application to be even better. However, every application update has a new bad review [17].

Table 2. Bad Reviews of Music Streaming Applications
on Playstore

<table>
<thead>
<tr>
<th>NO.</th>
<th>APPLICATION</th>
<th>REVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SPOTIFY</td>
<td>Song Sometimes Lost (2017) App crash (2018) Only a few songs are available in the free version (2018) There are some features that sometimes don't work (2019)</td>
</tr>
<tr>
<td>2.</td>
<td>JOOX</td>
<td>Difficult to access VIP features (2018) The application sometimes restarts when playing songs (2018) The application will deteriorate if it is not updated (2019)</td>
</tr>
<tr>
<td>4.</td>
<td>LANGIT MUSIK</td>
<td>Slow operator service (2017) Songs often can't be played (2017)</td>
</tr>
</tbody>
</table>

Source: data was adopted from Google Playstore on January 31, 2020, at 22:10 pm

Various reviews given by users, the company can respond to bad reviews in the form of solutions for users. The company's response to customer complaints is important because it will positively and negatively affect the eWOM products that will be spread [28]. Only a few music streaming companies in Indonesia are responsive in responding to complaints from users. As described in Table 3 the results of company responsive research processed through the Playstore.

Table 3. Company Responses to Music Streaming Applications on Playstore

<table>
<thead>
<tr>
<th>NO.</th>
<th>APPLICATION</th>
<th>REVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SPOTIFY</td>
<td>Not responding to complaints</td>
</tr>
<tr>
<td>2.</td>
<td>JOOX</td>
<td>Always respond and provide solutions in dealing with complaints</td>
</tr>
<tr>
<td>3.</td>
<td>SOUND CLOUD</td>
<td>Not responding</td>
</tr>
<tr>
<td>4.</td>
<td>LANGIT MUSIK</td>
<td>Always respond to both good (thank you) and bad (providing solutions) comments</td>
</tr>
<tr>
<td>5.</td>
<td>GOOGLE PLAY MUSIC</td>
<td>Not responding</td>
</tr>
</tbody>
</table>

Source: data was adopted from Google Playstore, on January 31 at 22.31 pm

The above phenomenon, it can be seen that eWOM in music streaming applications is not optimal and is still a problem because the good and bad reviews of the application will have a major impact on the rating given, the customer's decision to download the application depends on the rating and review on the application. In addition, the response rate of application companies when handling complaints also has an impact on application quality and user satisfaction [18]. Low eWOM can also have an impact on many factors including lack of interest in goods/services [19], declining company reputation [20], and decreased customer attention [21].

Based on previous research, several factors that can influence eWOM include user experience [22], behavioral intentions of application users on the internet that encourage users to spread eWOM [18], quality of goods/services [10], brand commitment [23] and brand credibility [24]. Several studies also discuss brand
credibility and brand commitment which have a large effect on positive eWOM [25].

The continuity of purchasing and using applications continuously can be called brand commitment [26]. Users who subscribe continuously will affect the success of the company, therefore the higher the customer's brand commitment, the more successful a company will be [26][27]. Commitment to the application begins with the level of customer confidence in downloading the application. Customer confidence is supported by the level of customer needs, the level of benefits obtained, and the level of customer satisfaction when using the application [28]. The brand commitment of application users supported by the trust will result in the extent of positive eWOM.

Spotify and Joox create premium features for their subscribers so that customers who have subscribed to a premium (paid) subscription tend to use the application more often. Meanwhile, LangitMusik, Google play music, and SoundCloud do not provide premium features but by holding music events, collaborating with other companies or singers, and participating in promoting new songs [18].

Thus, the purpose of this study is to find out how much influence Brand Commitment has on Electronic Word of Mouth on music streaming application users in Indonesia.

2. METHODS

The independent variable in this study is brand commitment (X) and the dependent variable is the electronic word of mouth (Y). This research was conducted from February – to June 2020. The research method is quantitative with an explanatory survey approach. An explanatory survey was conducted to explore the problem situation, namely to get ideas and insights into the problems faced by the management or the researchers [29], as well as a cross-sectional study, because it takes less than one year because a cross-sectional study is a study that can be done where data is collected only once, over a period of days or weeks or months, to answer the research question.

Respondents in this study were reviewers of music streaming application users on Playstore as many as 27,706,739 people on April 24, 2020, at 08.00 pm with a sample of 400 respondents. The data collection techniques used include literature studies, observation, and questionnaires. Technical analysis of the data used to determine the correlation relationship in this study is the technical path analysis (path analysis). Figure 1 Research paradigm

Figure 1 Research paradigm

Statistically, the hypothesis to be tested in order to make a decision to accept or reject the hypothesis can be formulated as follows:

Ho: 0 means that there is no positive effect of brand commitment on electronic word of mouth

Ha: > 0 means that there is a positive influence of brand commitment on electronic word of mouth

3. RESULTS AND DISCUSSION

The normality test was conducted to determine whether the data obtained from the results of the field research were normally distributed or not so that the data could be used or not in the path analysis model. The way to know this can be done through statistical test analysis. The results of the Kolmogrov Smirnov test can be seen in Table 4 as follows:

Table 4. Kolmogrov Smirnov Test

<table>
<thead>
<tr>
<th>N</th>
<th>400</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Parameters</td>
<td>Mean: 0.000000, Std. Deviation: 1.89403438</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Absolute: 0.054, Positive: 0.050, Negative: -0.054</td>
</tr>
<tr>
<td>Test Statistic</td>
<td>Asymp. Sig. (2-tailed): 0.006</td>
</tr>
</tbody>
</table>

Based on Table 4, it can be seen that the significance value of the normality test of the research data is 0.006. This value is > 0.05 so that the research variable data is declared to have a normal distribution of data. Table 5 Coefficient of Determination of Total X Against Y

Table 5. Coefficient of Determination of Total X Against Y

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.724</td>
<td>0.524</td>
<td>0.523</td>
<td>1.32079</td>
</tr>
</tbody>
</table>

Based on table 5, it can be seen that the total coefficient of determination or the effect of the endogenous sub variable partially from brand commitment (X) to electronic word of mouth (Y) is 0.524 or if it is a percentage of 52.4%, it means that the influence of brand commitment (X) on electronic word of mouth (Y) is in the medium category [46]. Table 6
Testing the Effect of Brand Commitment (X) on Electronic Word Of Mouth (Y)

**Table 6.** Testing the Effect of Brand Commitment (X) on Electronic Word Of Mouth (Y)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>t count</th>
<th>t table</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>X has a positive effect on Y</td>
<td>0.372</td>
<td>7.140</td>
<td>1.965</td>
<td>H0 is not accepted</td>
</tr>
</tbody>
</table>

Based on Table 6, it can be seen that brand commitment got the value of t count (7.140) > t table (1.965), it can be interpreted that brand commitment has a positive effect on electronic word of mouth. This result is in line with several previous studies regarding brand commitment which has a large effect on positive eWOM [25]. Brand commitment is closely related and will be interconnected. Positive eWOM communication is created with satisfied customers with a brand. If the customer is satisfied, the customer will make a commitment to the brand because it is supported by strong brand credibility [30][31].

Thus, electronic word of mouth (eWOM) is an order of interpersonal communication and group communication [20]. eWOM has greater power than advertising or direct selling because the strength of eWOM lies in its ability to provide honest referrals (honest review) [32]. eWOM in marketing is included in the concept of promotion carried out by word of mouth through social media or other electronic media [20].

### 4. CONCLUSIONS

Based on the results of research that has been done, it shows that the influence of brand commitment on electronic word of mouth on music streaming application users in Indonesia is positive and significant. This means that the assessment of brand commitment according to music streaming application users is considered quite good. Especially on the dimension of continuance commitment or how much customers want to stay subscribed on an ongoing basis in a company/brand. The dimension that has the lowest influence is the dimension of affective commitment or the dimension that describes the emotional bond attached to a customer to identify and involve himself with the company.

### ACKNOWLEDGMENT

The researcher thanks to the Indonesian University of Education, especially the business education study program, the faculty of economics, and business education.

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Measuring Lecturer Motivation Scales: A Second-Order Confirmatory Factor Analysis (CFA)

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ABSTRACT
This study explained further about the scale as the solution by using confirmatory factor analysis in testing the lecturer motivation at the Indonesia University of Education (UPI) Regional Campus Tasikmalaya. Quantitative analysis methods were used for data collection and they were analyzed using AMOS. A two-level confirmatory factor analysis technique was used in the hypothesized model with six latent variables, namely career love, salary, promotions and incentives, social factors, ethical codes, and classroom environment. The results of the study revealed an adequate goodness-of-fit index of the hypothesized model using the fit index criteria. From the weight of the dimensions obtained, it can be seen that the dimension of social factors was the most dominant dimension in shaping lecturer motivation. The dimension that gave the least influence in shaping lecturer motivation was the classroom environment. This research implies that lecturers can find out the main characteristics that shape their motivation to be used as reflection and evaluation in the context of self-optimization.

Keywords: Lecturer Motivation, Confirmatory Factor Analysis.

1. INTRODUCTION
Every organization or individual can survive, grow, and develop because it is supported by its human resources [1]. Generally, the organization consists of the three most important main components, namely the physical aspect in the form of equipment support and the financial aspect in the form of financial support as well as the human resource aspect. The human resource aspect is closely related to motivation which is widely studied and defined in various literature. According to Vroom [2]; Gumbert [3], motivation is defined as a process that regulates the choice between alternative forms of voluntary and non-coercive activities carried out by each individual. Every organization member or individual motivation is very important for the success of any institution. Good organizations always try to keep their members motivated and satisfied with their work [4]. In the higher education field, teachers or lecturers can be considered as pillars of community development because they bear the responsibility of educating and training students until they become important agents to develop their country [5]. Findings in previous research revealed that organization members who were motivated in their work tended to be more creative, innovative, and have breakthroughs that can improve their performance [6]. According to Garcia et al., [7] it was concluded that an organization was not able to achieve a competitive level of quality, both in the product level or the level of service produced, if their organizational members did not feel motivated to work.

Oshagbemi’s research [8] showed that an understanding of the factors that influence work motivation was relevant to the improvement of well-being. In the higher education field, it is very important for every educational institution to maintain and support their teaching staff to keep motivated and satisfied with their work [9-11]. In China, for instance, research conducted by Lu [12] on the motivation and involvement of lecturers in Chinese higher education institutions showed that 80% of the lecturers were dissatisfied with their work and 50% said that they would not become a lecturer again if they had a choice. In Lu [12], it was shown that 30% of lecturers tried to change their
profession by following further education. In this study, lecturers had perceptions that pressure increase for academic performance, lack of challenge, lack of self-development opportunities, lack of self-esteem, and limited work autonomy had a negative impact on the quality of their teaching [12].

This study concluded that there was a serious motivation crisis among English lecturers in China [12]. Many targets are expected to be achieved by lecturers so that they achieve a good quality of performance depending on the level of motivation and job satisfaction. According to Shu [13], good teaching skills, good skills for classroom management, communication, research competence, comprehensive knowledge, appropriate personality, and professional dedication are the attributes expected owned by a lecturer. With the various expectations to be achieved by university lecturers for the sake of country development, it is very important to motivate lecturers to be interested and satisfied with their work [14], [11]. This study was conducted to investigate the current level of lecturer motivation and find out the factors related to lecturer motivation at Regional Campus Tasikmalaya, Indonesia University of Education (UPI).

2. METHODS

Factors underlying the measurement of lecturer motivation were compiled and tested using confirmatory factor analysis. Confirmatory factor analysis is a form of factor analysis by confirming several empirical constructs that are assumed to be factors of the latent construct which in this study is the lecturer motivation. The construct model of lecturer motivation as a latent variable consists of six underlying variables as the dimensions of forming or characterizing lecturer motivation, namely career love, salary, promotions and incentives, social factors, ethical codes, and classroom environment. This variable was adapted and modified from the motivation scale that has been studied [1].

Data were collected from lecturers at UPI Regional Campus, Tasikmalaya. The questionnaire given has six relevant variables which were adapted from previous research. The measurement of lecturer motivation was a second-order confirmatory factor analysis model, which was a two-step measurement, and the measurement of latent variables was not only based on the indicators but also involved the dimensions of measured latent variables.

In revealing the aspects or variables being studied, validity and reliability tests were carried out, in order to produce accurate research conclusions and provide a clear picture of the actual situation. Afterward, the measurement model was compiled and translated into equations and path diagrams representing the measurement model. The form of the equation of the lecturer motivation measurement model is formulated in the following format:

Table 1. Measurement model of lecturer motivation.

<table>
<thead>
<tr>
<th>Dimension of Lecturer motivation</th>
<th>Measurement Equation</th>
<th>Indicator</th>
<th>Measurement Equation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Love (MD1)</td>
<td>MD1 = λ1MD + d1</td>
<td>I have clear goals and objectives every time I teach (X11)</td>
<td>X11 = λ11MD1 + d11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>there are no other factors and motives that encourage me to choose a teaching profession other than my interest in the academic field (X12)</td>
<td>X12 = λ21MD1 + d21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I chose to pursue an academic career because I like it. (X13)</td>
<td>X13 = λ31MD1 + d31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>When I teach, I feel very motivated (X14)</td>
<td>X14 = λ41MD1 + d41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I’m not interested in looking for another job because I like being a lecturer (X15)</td>
<td>X15 = λ51MD1 + d51</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I have no intention of changing my career path because becoming an academic has been my choice and my dream since childhood (X16)</td>
<td>X16 = λ61MD1 + d61</td>
</tr>
<tr>
<td></td>
<td></td>
<td>my profession as an academic is not dependent on salary, even if I experience a salary drop, I will not change my career path (X17)</td>
<td>X17 = λ71MD1 + d71</td>
</tr>
<tr>
<td>Salary (MD2)</td>
<td>MD2 = λ2MD + d2</td>
<td>I always receive my salary on time (X21)</td>
<td>X21 = λ12MD2 + d12</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------</td>
<td>------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>With my salary, I hope to improve and realize my plans and dreams in my life (X22)</td>
<td>X22 = λ13MD2 + d13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>my salary does not depend on my boss (X23)</td>
<td>X23 = λ14MD2 + d14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>My salary does not reduce my integrity in teaching (X24)</td>
<td>X24 = λ15MD2 + d15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>My boss helps me to get a salary hike (X25)</td>
<td>X25 = λ16MD2 + d16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>My salary fulfills my needs and my family’s (wife, children, and relatives) needs (X26)</td>
<td>X26 = λ17MD2 + d17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>My salary equals to my workload and work responsibilities (X27)</td>
<td>X27 = λ18MD2 + d18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>my salary motivates me to work hard (X28)</td>
<td>X28 = λ19MD2 + d19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I receive proper and reasonable salary (X29)</td>
<td>X29 = λ20MD2 + d20</td>
</tr>
<tr>
<td>Promotions and Incentives (MD3)</td>
<td>MD3 = λ3MD + d3</td>
<td>the rules for the promotion of positions are determined based on the lecturer’s performance (X31)</td>
<td>X31 = λ21MD3 + d21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the determined promotion rules motivate me to work hard so I can get promoted (X32)</td>
<td>X32 = λ22MD3 + d22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the incentives provided are relevant to my workload (X33)</td>
<td>X33 = λ31MD3 + d31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I agree with the provisions and rules of the lecturers’ promotion (X34)</td>
<td>X34 = λ32MD3 + d32</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I am very motivated to work better because of the good incentive system for every work achievement in my institution (X35)</td>
<td>X35 = λ33MD3 + d33</td>
</tr>
<tr>
<td>Social Factors (MD4)</td>
<td>MD4 = λ4MD + d4</td>
<td>Students’ efforts and their ambitions in learning motivate me to help them pursue their success (X41)</td>
<td>X41 = λ41MD4 + d41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I am motivated by the students’ respect towards me. (X42)</td>
<td>X42 = λ42MD4 + d42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I am interested in helping students because they show their interest in learning. (X43)</td>
<td>X43 = λ43MD4 + d43</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Students’ discipline motivates me to do my job. (X44)</td>
<td>X44 = λ44MD4 + d44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I am considered an important person in society</td>
<td>X45 = λ45MD4 + d45</td>
</tr>
<tr>
<td>Kode etik, dan (MD5)</td>
<td>MD5 = λ5MD + d5</td>
<td>I did my job well to avoid suspension or other forms of</td>
<td>X51 = λ51MD5 + d51</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I am considered an important person in society</td>
<td>X46 = λ52MD4 + d52</td>
</tr>
</tbody>
</table>
3. RESULTS AND DISCUSSION

After the measurement model had been successfully formulated, based on the sample dataset, the model parameters were estimated and tested for suitability with the data. The evaluation aims to determine whether or not the proposed measurement model fits the data.

Table 2. Model fit summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>NPAR</th>
<th>CMIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>80</td>
<td>222.518</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>RMR</th>
<th>GFI</th>
<th>AGFI</th>
<th>PGFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>.285</td>
<td>.268</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>AIC</th>
<th>BCC</th>
<th>BIC</th>
<th>CAIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>382.518</td>
<td>458.073</td>
<td>538.073</td>
<td></td>
</tr>
</tbody>
</table>

The CMIN/DF value of this research model was 222.5/623 which was 0.37. Thus, this model considers as a very good fit because the CMIN/DF value was less than 2.0. CMIN/DF is one indicator to measure the fit level of a model. In this case, CMIN/DF is the Chi-Square statistic divided by the DF relative value which is less than 2.0 or less than 3.0 is an indication of an acceptable fit between the model and the data.

GFI is a non-statistical measure that has a range of values from 0 (poor fit) to 1.0 (perfect fit). A high value in the index indicates a "better fit" and a model can be said to be very good if the GFI value is greater than or equal to 0.90. The value generated in this study was 0.268 so it is not a very good fit. The values of AIC, BIC, and CAIC are very large and very far from zero, this indicates poor parsimony.

Table 3. Computation of degrees of freedom (default model).

<table>
<thead>
<tr>
<th>Several distinct sample moments:</th>
<th>703</th>
</tr>
</thead>
<tbody>
<tr>
<td>A number of distinct parameters to be estimated:</td>
<td>80</td>
</tr>
<tr>
<td>Degrees of freedom (703 - 80):</td>
<td>623</td>
</tr>
</tbody>
</table>

The AMOS output showed the df of the model which was responsible for 623. This indicates that the model is in the overconfident category because it has a positive value.
Figure 1. Results of confirmatory analysis of lecturer motivation conceptual model.

### 3.1 Results of Testing the Relationship of Variable Forming Indicators

Referring to Table 4, it can be concluded that the highest estimation result of career love model measurement (MD1) was MD16, which is “I have no intention of changing my career path because becoming an academic has been my choice and my dream since childhood”.

#### Table 4. Career love model measurement results (MD1).

<table>
<thead>
<tr>
<th>MD</th>
<th>est</th>
<th>std weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD16</td>
<td>----</td>
<td>0.975</td>
</tr>
<tr>
<td>MD13</td>
<td>----</td>
<td>0.896</td>
</tr>
<tr>
<td>MD12</td>
<td>----</td>
<td>0.892</td>
</tr>
<tr>
<td>MD14</td>
<td>----</td>
<td>0.885</td>
</tr>
<tr>
<td>MD11</td>
<td>----</td>
<td>0.804</td>
</tr>
<tr>
<td>MD17</td>
<td>----</td>
<td>0.723</td>
</tr>
<tr>
<td>MD15</td>
<td>----</td>
<td>0.722</td>
</tr>
</tbody>
</table>

Regarding Table 5, it can be concluded that the highest estimation result of salary model measurement (MD2) was reflected by MD29, which is “I receive a proper and reasonable salary” (X29).

#### Table 5. Salary model measurement results (MD2).

<table>
<thead>
<tr>
<th>MD</th>
<th>est</th>
<th>std weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD29</td>
<td>----</td>
<td>0.907</td>
</tr>
<tr>
<td>MD28</td>
<td>----</td>
<td>0.88</td>
</tr>
<tr>
<td>MD27</td>
<td>----</td>
<td>0.824</td>
</tr>
<tr>
<td>MD21</td>
<td>----</td>
<td>0.75</td>
</tr>
<tr>
<td>MD23</td>
<td>----</td>
<td>0.72</td>
</tr>
<tr>
<td>MD24</td>
<td>----</td>
<td>0.691</td>
</tr>
<tr>
<td>MD22</td>
<td>----</td>
<td>0.618</td>
</tr>
<tr>
<td>MD25</td>
<td>----</td>
<td>0.606</td>
</tr>
<tr>
<td>MD26</td>
<td>----</td>
<td>0.482</td>
</tr>
</tbody>
</table>

Based on Table 6, it can be concluded that the highest estimation result of promotions and incentives model measurement (MD3) was shown by MD34, the provisions and rules of the lecturer’s promotion.

#### Table 6. Promotion and incentive model measurement results (MD3).

<table>
<thead>
<tr>
<th>MD</th>
<th>est</th>
<th>std weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD34</td>
<td>----</td>
<td>0.991</td>
</tr>
<tr>
<td>MD33</td>
<td>----</td>
<td>0.941</td>
</tr>
<tr>
<td>MD35</td>
<td>----</td>
<td>0.826</td>
</tr>
<tr>
<td>MD32</td>
<td>----</td>
<td>0.822</td>
</tr>
<tr>
<td>MD31</td>
<td>----</td>
<td>0.767</td>
</tr>
</tbody>
</table>

Referring to Table 7, it can be concluded that the highest estimation result of social factors model measurement (MD4) was characterized by MD43, namely the passion in helping students because they show their interest in learning.

#### Table 7. Social factors model measurement results (MD4).

<table>
<thead>
<tr>
<th>MD</th>
<th>est</th>
<th>std weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD43</td>
<td>----</td>
<td>0.977</td>
</tr>
<tr>
<td>MD41</td>
<td>----</td>
<td>0.976</td>
</tr>
<tr>
<td>MD44</td>
<td>----</td>
<td>0.943</td>
</tr>
<tr>
<td>MD42</td>
<td>----</td>
<td>0.485</td>
</tr>
<tr>
<td>MD46</td>
<td>----</td>
<td>0.484</td>
</tr>
<tr>
<td>MD45</td>
<td>----</td>
<td>0.384</td>
</tr>
</tbody>
</table>

Referring to Table 8, it can be concluded that the highest estimation result of ethical codes model measurement (MD5) was MD54, lecturers are treated well in my institution.

#### Table 8. Ethical codes model measurement results (MD5).

<table>
<thead>
<tr>
<th>MD</th>
<th>est</th>
<th>std weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD54</td>
<td>----</td>
<td>0.948</td>
</tr>
<tr>
<td>MD55</td>
<td>----</td>
<td>0.913</td>
</tr>
<tr>
<td>MD53</td>
<td>----</td>
<td>0.631</td>
</tr>
<tr>
<td>MD52</td>
<td>----</td>
<td>0.327</td>
</tr>
<tr>
<td>MD51</td>
<td>----</td>
<td>0.208</td>
</tr>
</tbody>
</table>

Referring to Table 9, it can be concluded that the highest estimation result of class environment model measurement (MD6) was MD61, confidence in classroom management.
The estimation results of loading factors for each dimension of lecturer motivation consists of 6 dimensions, namely career love (MD1), salary (MD2), promotion and incentives (MD3), social factors (MD4), ethical codes (MD5), class environment (MD6), can be seen in Table 10.

Table 10. Lecturer motivation model measurement results (MD).

<table>
<thead>
<tr>
<th></th>
<th>CLASS ENVIRONMENT</th>
<th>MOTIVATION</th>
<th>est std weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOCIAL</td>
<td>CLASS ENVIRONMENT</td>
<td>MOTIVATION</td>
<td>0.887</td>
</tr>
<tr>
<td>SALARY</td>
<td>CLASS ENVIRONMENT</td>
<td>MOTIVATION</td>
<td>0.871</td>
</tr>
<tr>
<td>PROMOTION</td>
<td>CLASS ENVIRONMENT</td>
<td>MOTIVATION</td>
<td>0.774</td>
</tr>
<tr>
<td>CAREERLOVE</td>
<td>CLASS ENVIRONMENT</td>
<td>MOTIVATION</td>
<td>0.766</td>
</tr>
<tr>
<td>ETHICALCODES</td>
<td>CLASS ENVIRONMENT</td>
<td>MOTIVATION</td>
<td>0.701</td>
</tr>
<tr>
<td>CLASSENVIRONMENT</td>
<td>CLASS ENVIRONMENT</td>
<td>MOTIVATION</td>
<td>0.557</td>
</tr>
</tbody>
</table>

Referring to Table 8, from the weight of the variables/dimensions obtained, it can be concluded that the variable/dimension of social factors was the most dominant variable/dimension in shaping lecturer motivation. The dimension that gave the least influence in shaping lecturer motivation was the class environment. The level of work motivation is influenced by intrinsic and extrinsic factors [15-18]. Furthermore, it includes social factors, salary, promotions, and incentives, love of career, code of ethics, and classroom environment [19-21]. In addition, when explored more deeply, the overall level of motivation is still at a level that is oriented towards basic needs, such as salary and recognition.

4. CONCLUSIONS

Based on the results through Confirmatory Factor Analysis (CFA), it shows the estimation of loading factors forming the level of lecturer motivation that includes six dimensions. The order of the most dominant dimensions were social factors, salary, promotions and incentives, love of career, code of ethics, and classroom environment. Lecturer motivation can be explained unidimensionally, precisely, and consistently by these six dimensions. The findings of this study can be used as evaluation material for leaders in determining future policies and programs.

REFERENCES


Work-Family Conflict, Emotional Intelligence, Work-Life Balance, and Employee Performance

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ABSTRACT

The purpose of this study is to research and evaluate work-life balance as a mediator between work-family conflicts, emotional intelligence, and employee performance. Employees were polled and interviewed to gather data. The study used PLS and structural equation modeling to examine the aforementioned correlations (SEM). The current study adds to the existing body of information by examining work-life balance as a moderator of the effects of work-family conflicts and emotional intelligence on employee performance in a business. Data research revealed that work-family conflict has a considerable favorable impact on employee performance. This demonstrates that emotional intelligence may have a direct impact on employee performance. This reveals that work-family conflict has no direct impact on work-life balance. Data research demonstrated that emotional intelligence influenced work-life balance positively. Furthermore, data analysis revealed that work-life balance had a favorable influence on employee performance. The geographical and institutional particular focus, as well as the short sample size, are limitations. This study has the potential to contribute to the scientific understanding of human resource management, particularly those connected to the application and development of the idea of performance.

Keywords: Emotional Intelligence, Performance, Work-Life Balance, Work-Family Conflict.

1. INTRODUCTION

Individual performance in the organization is the starting point for organizational success. When individual performance is high, organizational performance follows. Human resources play an important part in the growth of an organization since the organization's goals are dictated by the quality and competency of its human resources [1]. Work-family conflict is a significant issue in today's corporate environment [2]. Work-family conflict is one type of inter-role conflict pressure or role mismatch between work and family duties. Job-family conflict is a type of role conflict in which the demands of work responsibilities and family duties are in some ways incompatible [3]. Reference [4] explained that work-family problems are exacerbated by the number of children, the amount of time spent caring for the household and working, and a lack of support from spouses and relatives. Thus, when a person encounters work-family conflict, it will result in the fulfillment of one function interfering with the fulfillment of other responsibilities, affecting performance. In terms of the work-family conflict phenomena [5] Work-family conflict had a non-significant beneficial influence on employee performance, according to the study. These findings contradict the findings of [6] which suggested that work-family conflict was detrimental to employee effectiveness.

Because developing-country human resources in general lack emotional intelligence, this aspect is one of the causes behind Indonesia's falling human resource quality [7]. As [8] mentioned that emotional intelligence, such as empathy, self-discipline, and initiative, has a significant impact on one's achievement. Some research have shown inconsistencies between emotional intelligence and employee performance. This can be found in [9] who claimed that emotional intelligence has a large favorable impact on job performance, and these findings contradict [10] who discovered that emotional intelligence has little effect on employee performance.

Work-life balance is a state that employees experience in the form of connection to the workforce and family, so that they are content with their duties in...
the home and roles at work [11]. With dissatisfaction, employees will feel an imbalance, this poses a problem and a great risk to the welfare and performance of employees. Balancing work life and personal life is often an obstacle often experienced by employees who work [12]. Meanwhile, if the company cannot manage the work-life balance properly, it will affect the employees and the company, such as the demands of the work given to the employees resulting in more time spent at work than at home [13]. Thus, it can be said that work-life balance has an important role on the company and the personal life of employees so that if the performance of the employees has a work-life balance, it will have a better level of performance [14].

Inadequate work-life balance is a problem that poses risks to employee performance and organizational performance. In general, employees have difficulty balancing work and social life responsibilities, but considering the benefits of work-life balance practices and the potential to improve employee performance, flexible working hours, employee assistance programs, and employee leave programs are needed. This study aims to propose and test a research model with work-life balance as a mediator between emotional intelligence, work-family conflict, and employee performance.

1.1. Literature Review

1.1.1. Work-Family Conflict

According to [15] work-family conflict is working role conflict and family role faced by employees. An individual on the one hand will face the role that requires having to do office work while the other must pay attention to the family so that it has difficulty in distinguishing things that interfere with work and family or family interferes with work. This frequently occurs when someone attempts to satisfy the obligations of his or her job while also trying to meet the needs of his or her family, or vice versa.

Reference [11] defined Work-family conflict is a type of role conflict in which the demands of work and family duties are mutually beneficial yet cannot be harmonized. This happens when someone attempts to satisfy the needs of their job, which are impacted by their capacity to meet the obligations of their family, or vice versa. Having to meet the demands of the role in the family will be influenced by the person's ability to meet the demands of the pressure that comes from excessive workloads and work time that must be completed in a hurry and deadline, whereas the demands of the family relate to the time required to handle house chores stairs.

Greenhaus and Beutell (in [11]) explained some dimensions and indicators of work-family conflict, namely:

1. Time based conflict
   1) Employees assume that the time spent at work can impede the time needed to meet family obligations (WFC 1).
   2) Employees that have problems balancing work and family life (WFC 2).

2. Strain based conflict
   1) Tension experienced by employees can affect and disturb family harmony (WFC 3).
   2) Tension or family disharmony can interfere with family performance (WFC 4).

3. Behavior-based conflict
   1) Family problems faced by employees cause employees to behave emotionally (easily angry and easily offended) (WFC 5).
   2) Employees' emotional behavior at home is frequently influenced by work concerns (WFC 6).

1.1.2. Emotional Intelligence

Reference [16] explained that Emotional intelligence is a person's capacity to notice feelings, stimulate feelings to aid the mind, comprehend feelings and their meanings, and manage feelings in depth to aid emotional and intellectual development. This is reinforced by [17] who also The ability to experience, comprehend, and successfully employ emotional power and sensitivity as a source of energy, knowledge, relationships, and humanitarian influence is characterized as emotional intelligence. Furthermore, emotional intelligence necessitates the ability to recognize and appreciate one's own and others' feelings, as well as respond correctly and effectively to emotions in everyday life. Reference [8] also defined Emotional intelligence is defined as a person's capacity to motivate oneself, to survive when faced with failure, to control emotions, to postpone the fast, and to govern the state of the soul. Howes and Herald [18] defined emotional intelligence as a component that makes a person be smart in using his emotions.

Reference [8] explained the dimensions of emotional intelligence, namely:

a. Self-awareness, it is the ability possessed to know things that are felt in self then use it in decision making.

b. Self-management, it is the ability of a person to control and handle his own emotions so that it can have a positive impact on the implementation of his duties.

c. Self-motivation, it is a deep desire to move and steer themselves for decision making and can act effectively and rise from failure.
d. Empathy/social awareness, it is the ability possessed to feel and understand others and foster mutual trust.

e. Relationship management (social skills), it is the ability to handle emotions well when dealing with others socially and can read situations and use these skills to influence and lead and resolve disputes and work together in teams.

1.1.3. Work-Life Balance

Work-life balance is defined by [19] as a subjective assessment of each individual on the suitability between work activities and those not related to work and life. According to Monika and Kaur, work-life balance is defined as a way for someone to balance work-life including work, career, and ambition as well as personal life which includes family, leisure time, personal pleasure so that life can be carried out comfortably.

Internal and external elements influencing work-life balance include individual views of organizational support, family support, personality, job orientation, career route, and organizational environment [20].

Work-life balance indicators according to [11], are

a. Time balance, which is the availability of individual time for work or family.

b. Involvement balance, which is an individual's psychological involvement and commitment in work and family.

c. Satisfaction balance, which is individual satisfaction in carrying out work activities and family activities.

According to [21], the dimensions of work-life balance are:

a. WIPL (Work Interference with Personal Life). This dimension is based on the idea that work might interfere with personal life, such as making it difficult for someone to schedule time for his personal life.

b. PLIW (Personal Life Interference with Work). This dimension is founded on the notion that an individual's private life may interfere with his work-life, i.e., if an individual has issues in his personal life, this might affect his performance at work.

c. PLEW (Personal Life Enhancement of Work). This dimension is based on the concept that the extent to which one's personal life might improve one's effectiveness in the workplace.

d. WEPL (Work Enhancement of Personal Life). This dimension relates to the extent to which employment may enhance people's personal lives.

For example, talents obtained via an individual's personal life at work allow them to use these skills in their daily lives.

1.1.4. Employee Performance

Employee performance according to [22] is the success that an individual gets in carrying out the work. Reference [23] stated that employee performance is multidimensional because a job has diverse and broad dimensions by work standards. According to [24], performance is the result of efforts determined based on the ability of individual characteristics to their role in a work performed. Reference [25] described the performance as a result of work achieved by a person or group of people in an organization by the authority and responsibilities of each in achieving company goals. Performance is a behavior or action that has a relationship to organizational goals and can be measured in the form of level contribution to the achievement of objectives.

Reference [26] explained that there are five dimensions contained in employee performance variables, they are:

a. Quality, the final result achieved is almost near perfect in meeting the goals expected by the company.

b. Quantity, It is the number of cycles generated or the actual quantity produced in terms of the number of work units created.

c. Timeliness, it is the level of activity that has been done by a job in accordance with the desired time.

d. Effectiveness, it is the level of knowledge of organizational resources to get increased profits.

e. Independence, it is a function of work carried out by employees without getting help from others.

1.1.5 Effect of Work-family Conflict on Employee Performance

Work-family issues can have an impact on employee performance in the workplace. Conflict will have an impact on corporate losses in the form of decreased performance, which can be caused by stress and conflict that occurs in the work environment. According to [15], Employees that have a greater amount of work-family conflict will have worse performance, and if work-family conflict lessens, the employee's performance will improve.

H1: Work-family conflict negatively affects employee performance.
1.1.6. The Effect of Employee Intelligence on Employee Performance

According to [16], emotional intelligence had a positive influence on performance. Reference [8] also stated that Individual emotional intelligence forecast is effective in job and life. Emotional intelligence has an impact on all part of one's professional life, with a favorable association between emotional intelligence and individual performance.

H3: Employee Intelligence has a positive effect on employee performance

1.1.7. Effect of Work-family Conflict with Work-life Balance

According to [27] research, work-family conflict had a negative relationship on satisfaction and work-life balance. This is in line with research conducted by [28] which stated that work-family conflicts did not have a significant effect on work-life balance. As for [29], it is very important to understand that supervisors support supervision of work-family conflicts, which can create a conducive environment to create work-life balance, job satisfaction, and organizational commitment.

H4: Work-family conflict has a positive effect on work-life balance

1.1.8. Effect of Emotional Intelligence on Work-life Balance

Several studies showed that emotional intelligence is very important for performance and other aspects. According to one Jyothi study, emotional intelligence is necessary for female employees to attain work-life balance. This is consistent with Ramanithilagam's research, which found that emotional intelligence is a key component in female employees' work-life balance in India.

H5: Emotional intelligence has a positive effect on work-life balance

1.1.9. Effect of Work-life Balance on Employee Performance

Several studies have found that work-life balance predicts job success and has gotten a lot of attention in the literature. Reference [30] stated that Work-life balance has been shown to be an important predictor of a variety of organizational outcomes, including employee retention and productivity. This is in line with [31] work-life balance is most important in boosting job performance.

H6: Work-life balance has a positive effect on employee performance

2. METHODS

2.1. Research Design

This study's resources are classified into two categories: main data and secondary data. To obtain reliable findings, the data collecting method, namely the distribution of questionnaires to respondents, must be carried out properly and efficiently. A questionnaire is described as "a set of pre-written questions that the respondent must answer, generally in clearly defined alternatives." Primary data collection was done through online questionnaires, where respondents were asked to fill in the online questionnaire provided. The population in this study were student workers, who worked in the Jakarta, Bogor, Depok, Tangerang, and Bekasi areas. The sampling method is nonprobability sampling with a purposive sampling technique. The criteria were students who have worked in the Greater Jakarta area for 2 years. The number of samples was set at 85 samples, as according to Roscoe who states that a sample size greater than 30 and less than 500 is feasible for almost all studies. The secondary data were obtained through a literature study taken from literature books and journal studies journals, which was meant by reading, recording, and studying things that were closely related and able to support this research. This literature study was carried out to obtain theories to serve as a theoretical basis which can then be used to analyze, assess, and summarize the issues to be discussed and help correct and accountable decision making.

2.2. Research Model

The model of this study can be seen in Figure 1. Figure 1 also shows the hypothesis proposed in this study, from hypothesis one (H1) to hypothesis five (H5).

Figure 1. Research Model.

3. RESULTS AND DISCUSSION

3.1. Characteristics of Respondents

Reference [32] defined The concept population refers to "the total group of individuals, events, or items of interest that the researcher desires to explore." The target population is a subset of the population that can
be identified using items, geographical borders, or time. Reference [33] suggested that sample is one or several units selected from the population-based on certain procedures. In this study, the number of male respondents was 65 and the number of female respondents was 20. As many as 60 respondents were not married while those who were married were 25 people. The majority of respondents aged 20-37 years, with the last education was high school, and some have taken strata 1.

### 3.2. Data Analysis Results

The Partial Least Squares (PLS) approach was employed in this research. The structural model of associations between latent variables is referred to as the inner model in PLS, whereas the measurement is referred to as the outer model. Before assessing the empirical model of the research, the stability of the estimation was assessed using t-statistics. The test results are described in Figure 2.

![Figure 2. PLS analysis results.](image)

1). Measurement Model Results (outer model)

The measurement model (outer model) is evaluated by assessing the indicator’s convergent and discriminant validity, as well as the indicator block’s composite reliability. The results are described as follows.

1) Convergent validity

Convergent validity test results about the value of outer loadings show that the results are above 0.50 so that it can be concluded that the convergent validity requirements have been met.

2) Discriminant Validity

Discriminant validity is tested by comparing the value of the square root of the extracted average variance (AVE) in each construct to the correlation between other constructs in the model.

3) Composite Reliability

The instrument’s dependability in a research model is then tested using composite reliability testing.

The convergent and discriminant validity test results of the indicators and composite reliability can be seen in Table 1.

### Table 1. Validity, Reliability, and Loading Factor.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loading Factor</th>
<th>Cronbach’s Alpha</th>
<th>CR (Composite Reliability)</th>
<th>AVE (Average Variance Extracted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WFC</td>
<td>WFC 4</td>
<td>0.662</td>
<td>0.722</td>
<td>0.0825</td>
<td>0.542</td>
</tr>
<tr>
<td></td>
<td>WFC 5</td>
<td>0.735</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WFC 6</td>
<td>0.810</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WFC 7</td>
<td>0.0730</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EI</td>
<td>EI1</td>
<td>0.666</td>
<td>0.748</td>
<td>0.0833</td>
<td>0.502</td>
</tr>
<tr>
<td></td>
<td>EI2</td>
<td>0.752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI10</td>
<td>0.584</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EI11</td>
<td>0.754</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>EI12</td>
<td>0.0769</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WLB</td>
<td>WLB 2</td>
<td>0.0719</td>
<td>0.0730</td>
<td>0.0830</td>
<td>0.551</td>
</tr>
<tr>
<td></td>
<td>WLB 3</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WLB 4</td>
<td>0.736</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WLB 5</td>
<td>0.0727</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP</td>
<td>IP1</td>
<td>0.0732</td>
<td>0.921</td>
<td>0.934</td>
<td>0.545</td>
</tr>
<tr>
<td></td>
<td>IP10</td>
<td>0.0876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP11</td>
<td>0.616</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP14</td>
<td>0.507</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP2</td>
<td>0.634</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP3</td>
<td>0.0841</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP4</td>
<td>0.652</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP5</td>
<td>0.0811</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP6</td>
<td>0.0811</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP7</td>
<td>0.718</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP8</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IP9</td>
<td>0.787</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of the indicators’ convergent and discriminant validity evaluations, as well as the indicator block’s composite reliability, it is possible to conclude that the indicators as a measure of the variables work-family conflict (X1), emotional intelligence (X2), work-life balance (m), and employee performance (Y) produce valid and reliable results.

2). Structural model results (Inner Model)

The inner model’s goodness of fit structural models were examined using predictive-relevance (Q2) values. The R2 value of each endogen in this study can be seen in Table 2 as follows.
Predictive value is obtained by using this formula
\[ R^2 = 1 - \frac{1}{(1 - R_{12})(1 - R_{22})} \]
\[ R^2 = 1 - \frac{1}{(1 - 0.291)(1 - 0.415)} \]
\[ R^2 = 1 - \frac{1}{(1 - 0.084)(1 - 1.072)} \]
\[ R^2 = 1 - 0.916 \times 0.828 = 0.758 \]
\[ R^2 = 0.242 \]

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP</td>
<td>0.291</td>
<td>0.263</td>
</tr>
<tr>
<td>WLB</td>
<td>0.415</td>
<td>0.401</td>
</tr>
</tbody>
</table>

Table 2. R Square.

The result of the predictive relevance value is 0.242 and this value> 0, so that it means that 24.20% of the variation in employee performance variables is explained by the variables used in the model. The remaining 75.80% is explained by other factors outside the model so this model has a predictive relevance value.

3.2.1 Testing Results

Five hypotheses are revealed through hypothesis testing using Partial Least Squares (PLS). A t-test was used on each path of effect between variables in this test. The test results of the PLS analysis can be seen in Table 2 if the t statistic is more than the t-table value, the hypothesis is accepted or supported. In this investigation, the t-table value for the one-tailed hypothesis (one-tailed) is more than 1, 68023 at the 95% confidence level (alpha 95%). The PLS (Partial Least Square) analysis used in this study was conducted using the Smart PLS program that was run with computer media.

Table 3. Results of Hypothesis Testing with Partial Least Square.

|         | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O|/STDEV) | P Values |
|---------|---------------------|-----------------|----------------------------|----------------|----------|
| EI -> IP | 0.478               | 0.500           | 0.105                      | 4.539          | 0.000    |
| EI -> WLB | 0.462               | 0.469           | 0.086                      | 5.342          | 0.000    |
| WFC -> IP | 0.054               | 0.052           | 0.097                      | 0.561          | 0.575    |
| WFC -> WLB | -0.346              | -0.354          | 0.101                      | 3.435          | 0.001    |
| WLB -> IP | 0.121               | 0.124           | 0.153                      | 0.792          | 0.428    |

Table 2 shows that the effect of emotional intelligence on employee performance is significant, the effect of emotional intelligence on work-life balance is significant, the effect of work-family conflict on work-life balance is significant. On the other hand, the effect of work-family conflict on employee performance is not significant, and the effect of work-life balance on employee performance is not significant.

3.3. Discussion

1. Effect of work-family conflict on employee performance

Data research revealed that work-family conflict has a considerable favorable impact on employee performance. This demonstrates that work-family problems can have a direct impact on employee performance. This finding is in line with previous research conducted by [34, 35] who stated that work-family conflict had a significant positive effect on employee performance.

2. Effect of emotional intelligence on employee performance

The results of data analysis showed that emotional intelligence had a positive effect on employee performance. This shows that emotional intelligence can directly influence employee performance. This finding is in line with previous research conducted by [36] who stated that emotional intelligence had a significant positive effect on employee performance.

3. Effect of work-family conflict on work-life balance

The results of data analysis showed that work-family conflict had a negative effect on work-life balance. This shows that work-family conflict does not directly affect work-life balance. This research is in line with previous research conducted by [28] who stated that work-family conflict did not have a significant effect on the work-life balance of female Navy personnel in Surabaya. Thus, it can be interpreted that the work-life balance of employee performance is not affected by work-family conflict.

4. The effect of emotional intelligence on work-life balance

The results of data analysis showed that emotional intelligence had a positive effect on work-life balance. This shows that emotional intelligence can directly affect work-life balance. This study reinforces the results of previous studies, which found out that emotional intelligence had a significant positive effect on the work-life balance of the employees. This is also reinforced by [37], who stated that emotional intelligence is very important to get the work-life balance of employees. By having emotional intelligence, then someone has the intelligence to understand the emotions of others.

5. Effect of work-life balance on employee performance

The results of data analysis showed that work-life balance had a positive effect on employee performance.
This shows that work-life balance can directly affect employee performance. These results are in line with previous research conducted by [31] who stated that work-life balance had a positive effect on employee performance.

4. CONCLUSIONS

1. There was an influence of work-family conflict on employee performance positively and significantly. That is, the work-family conflict of employees did not affect employee performance, even the higher the performance done by employees.

2. There was an influence of emotional intelligence on employee performance positively and significantly. That is, the higher the emotional intelligence felt by employees, the higher the performance done by employees.

3. There was a negative influence of work-family conflict on work-life balance. This means that the lower the work-family conflict experienced by employees, the higher the work-life balance of employees will be followed.

4. There was a significant positive effect of emotional intelligence on work-life balance. This means that the higher the emotional intelligence felt by employees, the higher the work-life balance perceived by employees.

5. There was an effect of work-life balance on employee performance positively and significantly. That is, the higher the work-life balance perceived by employees, the higher the resulting performance.

REFERENCES


Work-Family Conflict, Workload and Burnout as a Determinant Factor on Employee Performance
(Case Study on Civil Servants in Tasikmalaya)

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ABSTRACT
The purpose of this study was to find out and analyze the effect of work-family conflict, workload, and burnout on employee performance both partially and simultaneously in Tasikmalaya. The object studied was the female civil servants in Tasikmalaya. The research method used was path analysis. Data collection was obtained through observation, questionnaires, and literature studies. The population in this study was 121 employees. The results showed that the work-family conflict, workload, and burnout had a significant and partial effect on the employee performance of the Education Department and Health Department, Tasikmalaya. The discussion showed that the key asset that is very important for the development and achievement of the goals of an organization, or company is human resources. Successful organizations need employees who will do more than just their formal duties and are willing to deliver performance that exceeds expectations.

Keywords: Work-Family Conflict, Workload, Burnout, and Employees Performance.

1. INTRODUCTION

A performance is one of the important things defined as the result of work in quality and quantity that has been achieved by an employee in carrying out his duties in accordance with the responsibilities given to him [1] in [2]. Every organization always has a goal that every employee must have achievement because having employees who excel will provide an optimal contribution to the company. Employees who excel will have a positive impact on improving the performance of an organization or agency.

Now many companies/agencies are changing the operational concept in their human resource management. In the past, companies treated employees individually but now employees are treated as part of a group or work team within an organization, with the aim that as the group is formed, it will optimize the social, technical, and performance aspects of the individual himself in the work environment. Because a group or work team consisting of various kinds of individuals with various backgrounds, education, and different characteristics can arise conflict at any time. If a conflict cannot be resolved properly, it will have a negative impact on the group directly and indirectly on organizational performance [3].

Based on a preliminary study conducted at the Education Department and Health Department in Tasikmalaya involving 10 female civil servants who have multiple roles, it was found that 8 female civil servants who were married had difficulty in dividing their time to carry out their duties. Some of these employees sometimes felt tired of the demands of the workload from the leadership, some others were less able to carry out their role as mothers (childcare) to the fullest due to their workload. The employee said that they left their child with other family members while they were working.

In addition to role conflict, another factor that affects employee performance is workload. A person's workload...
has been determined in the form of company work standards according to the type of work given. Employee workload can occur in three conditions. First, the workload according to standards. Second, the workload is too high (over capacity). Third, the workload is too low (under capacity).

From preliminary observations regarding the level of employee workload with the Personnel Section at the Education Department and Health Department in Tasikmalaya, the results showed that the employees experienced a workload in their job. It was felt that some employees’ workload was quite high. Existing human resources, both in quality and quantity, cause quite a high workload felt by employees at the Education Department and Health Department of Tasikmalaya so that employee performance must be maximized. [4].

Work fatigue can reduce activity which ultimately results in the inability to continue working optimally. Fatigue is divided into two, namely physical fatigue and mental fatigue. It is clearly impossible to separate stable emotions and mental health from fatigue because conflict and emotions are closely related to fatigue. Fatigue is a factor that reduces performance, which has an impact on the psychological condition of workers and creates boredom at work [4].

The effect of fatigue is not only a decrease in productivity, but also changes in body metabolism, and causes saturation and emotional instability (negative mood). Fatigue at work is a potential occurrence of work accidents due to decreased work alertness. Fatigue can reduce performance and increase the error rate, thereby reducing efficiency and performance. Fatigue is one of the reasons a person experiences a negative mood [4].

As for the phenomenon of employee performance which is influenced by multiples, role conflict workload, and work fatigue in female civil servants who work in the Education and Health Departments in Tasikmalaya showed that overall employees have had good behavior so that they do not interfere with the activities in the Department. However, employee performance must be more consistent with the standards that have been set.

Based on the description of the background of the problem above, it is considered important to conduct research that focuses on employee performance which will then be outlined in the form of a research proposal with the title "Dual Role Conflict, Workload and Work Fatigue as Determinants of Employee Performance (Case Study on Employees). Civil Affairs within the Education Department and Health Department in Tasikmalaya)."

The purpose of this research is to analyze:

1. Multiple role conflicts, workload, work fatigue, and performance of employees in the Education and Health Department in Tasikmalaya.
2. The influence of dual role conflict, workload, and work fatigue on performance simultaneously and partially for employees in the Education Department and Health Department in Tasikmalaya.

Dual role conflict is a role conflict that arises between the expectations of 2 (two) different roles that are owned by a person. The dimensions of dual role conflict include time-based conflict, strain-based conflict, and behavior-based conflict.

Too much workload can cause tension in a person, causing stress. This can be caused by the level of expertise demanded being too high, the work speed may be too high, the work volume may be too much and so on [5].

The word tired (fatigue) indicates different physical and mental states, but all of them result in a decrease in work power and reduced body resistance to work [6]. Fatigue can be interpreted as a condition that is different for each individual but all of these individuals experience loss of efficiency, decreased work capacity and body resistance. Fatigue is regulated centrally by the brain, and in the central nervous system there is a sympathetic activation system and parasympathetic inhibition [4].

Performance according to [7] is a means to get better results from organizations, teams, and individuals by understanding and managing performance within the framework of goals and agreed standards and attribute requirements. Dimensions of performance according to [8] are individual factors, psychological factors, organizational factors.

2. METHODS

The research method used in this research was descriptive quantitative method. Operationalization of the variables of this study are show by Table 1 as a follow:
Table 1. Operationalization of the variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Indicator</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual Role Conflict (X1)</td>
<td>Time based conflict</td>
<td>1. Lack of time for family</td>
<td>Ordinal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. No time for social life</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Use of holidays for work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strain based conflict</td>
<td>4. Family problems affect work time</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Family problems affect work productivity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Behavior based conflict</td>
<td>6. The demands of work affect family life</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. There is an unpleasant response from family members as a result of work</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8. Families often do not get support from the roles of a housewife and a wife</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9. Lack of family support</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10. Often feel tired after coming home from work</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>11. Not being able to balance work interests with family interests</td>
<td></td>
</tr>
<tr>
<td>Workload (X2)</td>
<td>Physical Workload</td>
<td>1. Level of endurance ability in carrying out work</td>
<td>Ordinal</td>
</tr>
<tr>
<td></td>
<td>Mental Workload</td>
<td>2. The level of physical fatigue felt when carrying out work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time Usage</td>
<td>3. The saturation level felt when doing work</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. The level of mental pressure felt when carrying out work</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Level of working time in the daily routine of employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Duty to work on holidays</td>
<td></td>
</tr>
<tr>
<td>Work Fatigue (X3)</td>
<td>Work Weakening</td>
<td>1. Tired of the whole body</td>
<td>Ordinal</td>
</tr>
<tr>
<td></td>
<td>Physical Symptoms</td>
<td>2. Reluctant to work deftly</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Lazy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Nervous about something</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Loss of attention</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Rarely concentrate</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. It's hard to think</td>
<td></td>
</tr>
<tr>
<td>Performance (Y)</td>
<td>Hard Skills</td>
<td>1. Quantity</td>
<td>Ordinal</td>
</tr>
<tr>
<td></td>
<td>Soft Skills</td>
<td>2. Quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Knowledge</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Reliability</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Punctuality</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Presence</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Adjustment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8. Ability to work together</td>
<td></td>
</tr>
</tbody>
</table>

Before analyzing the data, it is necessary to test the instrument first. The test of this instrument is to measure the validity and reliability of the research instrument. The extent to which the accuracy of the instrument to be used so that the instrument is suitable for use as a data collection tool.

Based on the above understanding, the population is an object or subject that is in an area and meets certain requirements related to the problem in the study. The target population in this study was the female state civil apparatus (ASN) in Education Department and Health Department, Tasikmalaya, which consists of 121 people.

A path analysis tool was used to determine the causal relationship between endogenous and exogenous variables, with the aim of explaining the direct and indirect effects of a set of variables, as a causal variable to other variables which are effect variables.

3. RESULTS AND DISCUSSION

The Effect of Multiple Role Conflicts, Workload, and Work Fatigue on Performance Partially on Employees of the Health Service and Education Department of the City of Tasikmalaya

Every employee in the organization is required to make a positive contribution through good performance, considering that organizational performance depends on the performance of its employees. In addition, Anwar [11] states that employee performance is the result of work in quality and quantity achieved by an employee in
carrying out his duties in accordance with the responsibilities given to him.

Each individual has their respective duties and responsibilities according to the position they have, to complete the given task, of course, it must be based on the time set. Individuals are not said to be optimal at work if they do not have good behavior in their work. Good behavior at work must of course be of quality, have the ability to take the initiative and be able to work together with colleagues and superiors.

One of the reasons for such deep interest in the dual role conflict is the reality in Indonesia that the need for leaders who are able to make changes to the dimensions of life is considered still lacking. In the sense that the leader really has a dual role conflict attitude in accordance with the aspirations of various parties.

The success or failure of an organization in carrying out its duties is largely determined by the quality of its leadership because the position of the leader dominates all activities carried out. Dual role conflict is a science that studies comprehensively or thoroughly about how to direct, influence, and supervise others to do tasks in accordance with the planned orders [12].

The influence of multiple role conflict, workload, and work fatigue on performance of employees of the Health Department and Education Department in Tasikmalaya was analyzed using path analysis with the aim of testing the magnitude of the contribution shown by the path coefficient on each path diagram of the causal relationship between variables X1, X2 and X3 against the following Y:

![Figure 1. Path Coefficient Value between Variables X1, X2 and X3 to Y](image)

Based on Figure 1, to analyze with path analysis, the path coefficient values are formulated into path analysis as shown in the following table 2.

<table>
<thead>
<tr>
<th>No</th>
<th>Influence</th>
<th>Information</th>
</tr>
</thead>
</table>
| 1  | Effect of X1 on Y | The direct effect of X1 on Y = $\beta_{y1}$ = 0.185 x 0.185 = 0.034225 = 0.0342 
Effect of X1 on Y through X2 = $\beta_{y2} \times \beta_{x1} \times \beta_{x2} = 0.185 \times 0.351 \times 0.060 = 0.0121 
Effect of X1 on Y through X3 = $\beta_{y3} \times \beta_{x1} \times \beta_{x3} = 0.185 \times 0.208 \times 0.060 = 0.0228 
Total Effect = 0.0691 
Based on the value of the total effect above, it can be seen the number of direct and indirect effects of X1 on Y. |
| 2  | Effect of X2 on Y | The direct effect of X2 on Y = $\beta_{y2}$ = 0.187 x 0.187 = 0.034969 
Effect of X2 on Y through X1 = $\beta_{y1} \times \beta_{x2} \times \beta_{x1} = 0.187 \times 0.351 \times 0.060 = 0.0121 
Effect of X2 on Y through X3 = $\beta_{y3} \times \beta_{x2} \times \beta_{x3} = 0.187 \times 0.010 \times 0.060 = 0.0011 
Total Effect = 0.0481 
Based on the value of the total effect above, it can be seen the number of direct and indirect effects of X2 on Y. |
| 3  | Effect of X3 on Y | The direct effect of X3 on Y = $\beta_{y3}$ = 0.594 x 0.594 = 0.352836 = 0.3528 
Effect of X3 on Y through X2 = $\beta_{y2} \times \beta_{x3} \times \beta_{x2} = 0.594 \times 0.208 \times 0.060 = 0.0011 
Effect of X3 on Y through X1 = $\beta_{y1} \times \beta_{x3} \times \beta_{x1} = 0.594 \times 0.185 \times 0.060 = 0.0228 
Total Effect = 0.3767 
Based on the total effect value above, it can be seen the number of direct and indirect effects of X3 on Y. |
| Total Effect of X1, X2, X3 on Y | 0.494 |
| Effect of other variables not examined | 0.506 |
Path analysis in Table 2 shows the direct and indirect effects of multiple role conflict, workload and work fatigue on employee performance, which is described as follows:

**The Effect of Multiple Role Conflicts on Employee Performance Partially in the Health Department and Education Department, Tasikmalaya**

Based on Table 2 it can be seen that the path coefficient value of the multiple role conflict variable on performance is 0.0342. This indicates the degree of relationship between the multiple role conflict variable and performance, while the magnitude of the effect is 0.185 (18.5%). This indicates that partial effect of dual role conflict on employee performance gave a positive contribution of 3.42%.

The indirect effect of the dual role conflict variable on performance through the workload variable is 0.0121 meaning that the dual role conflict indirectly contributes 1.21% to the performance through the workload variable. The indirect effect of dual role conflict on performance through work fatigue is 0.0228 (2.8%), meaning that dual role conflict indirectly contributes 2.8% to performance through work fatigue.

The total effect of dual role conflict on performance is 0.0691, meaning that the effect of multiple role conflict on performance through workload and work fatigue gives a positive contribution of 6.9%.

To determine the level of significance of the partial effect of multiple role conflict on performance, a t-test was carried out at degrees of freedom = 0.05 (5%). Based on the calculation results of the SPSS application, t-count = 2.571 with a probability value (sig.) = 0.011 which is smaller than 0.05 and greater than t-table which is 1.979, meaning that partially the multiple role conflict variable has a positive and significant effect on employee performance at the Health Department and Education Department, Tasikmalaya. This also means that the hypothesis proposed, "Dual role conflict partially has a positive effect on employee performance at the Health Department and Education Department, Tasikmalaya" has been tested and can be accepted.

Dual role conflict is a role conflict that arises between the expectations of 2 (two) different roles that a person has.

According to [13] in his research entitled “The Effect of Role Conflict on the Performance of Career Women at Sam Ratulangi University Manado” tried to determine the effect of role conflict on the performance of career women at Sam Ratulangi University Manado by using descriptive methods and simple regression approaches.

**The Effect of Workload on Employee Performance Partially at the Health Department and Education Department, Tasikmalaya**

Based on Table 2 it can be seen that the path coefficient value of the workload variable on performance is 0.0349. This shows the degree of relationship between the workload variable and performance, while the magnitude of the effect is 0.187 (18.7%). This indicates that partially workload gave a positive contribution of 18.7% on employee performance.

The indirect effect of the workload variable on performance through the multiple role conflict variable is 0.0481, meaning that the workload indirectly contributes 4.8% to the performance through the multiple role conflict variable. The indirect effect of workload on performance through work fatigue is 0.011, meaning that the workload indirectly contributes (0.11%) to performance through work fatigue.

The total effect of workload on performance is 0.0491, meaning that the effect of workload on performance through dual role conflict and work fatigue has a positive contribution of 4.8%.

To determine the significance level of the effect of partial workload on performance, a t-test was carried out at degrees of freedom = 0.05 (5%). Based on the calculation results of the SPSS application, t-count = 2.659 with probability value (sig.) = 0.009 which is smaller than 0.05 and greater than t-table, 1.979, meaning that partially the workload variable has a positive and significant effect on employee performance at the Health Department and Education Department, Tasikmalaya. This means that the hypothesis proposed, "Workload partially has a positive effect on employee performance at the Health Department and Education Department, Tasikmalaya" has been tested and can be accepted.

The results of the partial test prove that the workload has a significant effect on performance. Workload is too much work that can cause tension in a person, causing stress. This can be caused by the level of expertise demanded is too high, the work speed may be too high, the work volume may be too much and so on.

The work ability of a worker differs from one another and is highly dependent on the skill level, physical fitness, age, and body size of the worker concerned.

In accordance with research conducted by [14] that a person's workload has been determined in the form of company work standards according to the type of work. Workloads that are too heavy or light will have an impact on work inefficiency. A workload that is too light means that there is an excess of manpower. This excess causes the organization to have to pay more employees with the same productivity so that with a small number of employees, it can cause physical and psychological...
fatigue for employees. Finally, employees become unproductive because they are too tired.

Based on the results of the study, [15] stated that the workload variable had a negative and significant influence on employee performance. The workload had a negative but significant value because if the workload received is too large, it will cause work stress that can affect employee performance. It is necessary to continuously evaluate and monitor the workload of employees so that they remain within reasonable limits and in accordance with the tasks that have been given. A normal workload can maintain employee performance because employees will feel comfortable and not experience stress at work so that their performance will be better.

The Effect of Work Fatigue on Employee Performance Partially at the Health Department and Education Department, Tasikmalaya

Based on table 2 it can be seen that the path coefficient value of the work fatigue variable on performance is 0.3528. This shows the degree of relationship between the work fatigue variable and performance. While the magnitude of the effect is 0.594 (59.4%), which shows that partially the work fatigue effect on employee performance has a positive contribution of 59.4%.

The indirect effect of work fatigue on performance through the multiple role conflict variable is 0.022 (2.2%), meaning that indirectly work fatigue contributes 2.2% to the performance through the multiple role conflict variable. The indirect effect of work fatigue on performance through workload is 0.0011 (0.11%), meaning that it indirectly contributes 0.11% to performance through workload. The total effect of work fatigue on performance is 0.3767, meaning that the effect of work fatigue on performance through multiple role conflicts and workload provides a positive contribution of 37.67%.

To determine the level of significance of the effect of partial workload on performance, a t-test was carried out at degrees of freedom=0.05 (5%). Based on the calculation results of the SPSS application, it was obtained t-count=8.818 with a probability value (sig.)=0.000 which is smaller than 0.05 and greater than t-table (1.979), meaning that partially the work fatigue variable has a positive and significant effect on employee performance at the Health Department and City Education Department in Tasikmalaya. This means that the hypothesis proposed, "Work fatigue partially has a positive effect on employee performance at the Health Department and Education Department in Tasikmalaya" has been tested and can be accepted.

In line with the research conducted by [16] on 'The relationship between work fatigue and the performance of nurses in the inpatient ward of the Fatimah Islamic Hospital, Cilacap Regency', that there was a relationship between work fatigue and performance. The level of fatigue was 63.8%, and classified as a high level of fatigue. The performance level of nurses in the Fatimah Islamic Hospital ward was 67.5%, and classified as a poor performance level. The results of a temporary survey at Pancaran Kasih General Hospital GMIM Manado revealed that there were 135 nurses working in the inpatient department, including the head of the room in 11 inpatient rooms. In October 2017 the number of patients admitted as many as 972 and patients discharged both alive and dead as many as 993.

Multiple Role Conflicts, Workload, and Work Fatigue on Simultaneous Performance of Employees of the Health Service and Education Department of the City of Tasikmalaya

The effect of multiple role conflicts, workload, and work fatigue on employee performance at the Health Department and Education Department in Tasikmalaya can be known through path analysis that describes the direct and indirect effects of each variable (dual role conflict, workload and work fatigue) on employee performance.

The test can be carried out in two ways, comparing the magnitude of the research F number with the F table and comparing the calculated significance level (sig) number with a significance level of 0.05 (5%). Calculating F research from SPSS obtained a number of 38.123 then calculating F table with Degrees of Freedom (DF) provided that the number of variables −1 or 4−1=3, and the number of cases −3 or 121−3=118. With these provisions, the number is obtained F table of 2.45. So that Fcount is 38.123> Ftable is 2.68. This is supported by the calculation of a significance number of 0.000<0.005.

From the results of the calculation of the influence of the independent variable partially, it was found that the work fatigue variable had the greatest effect on employee performance at the Education Department and Health Department in Tasikmalaya, with the score of 0.594.

The key asset that is very important for the development and achievement of the goals of an organization or company is human resources. Successful organizations need employees who will do more than just their formal duties and are willing to deliver performance that exceeds expectations.

4. CONCLUSIONS

Based on the results of the analysis and discussion adapted to the problems studied, it can be concluded that respondents’ responses regarding dual role conflict, workload, work fatigue and employee performance of the Health Department and Education Department of Tasikmalaya resulted in a score that was included in the fairly high category.
REFERENCES


Improving Student Competence Based on Emotional Intelligence and Technological Capital

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ABSTRACT
The purpose of writing this article is to determine and analyze (1) Emotional Intelligence, Technological Capital, and Student Competencies; (2) Simultaneous effect of Emotional Intelligence and Technological Capital on Student Competence; (3) Partial Effect of Emotional Intelligence and Technological Capital on Student Competence. The research object includes Emotional Intelligence, Technological Capital, and Student Competence by taking the research subject of Management Study Program Students in Tasikmalaya City. The method used is a survey with a quantitative approach, using quantitative data sourced from questionnaires and library research. So that the hypothesis made can be accepted by proving the results of this study.

Keywords: Student Competencies, Emotional Intelligence, Technological Capital.

1. INTRODUCTION
Economic changes that occur as a result of changes in the industrial revolution that occur in various countries today, industrial revolution must be made for the economic progress of a country. The demands of the industrial revolution change are very demanding competencies that can compete and can apply the technology that has been made. Applying this technology requires people who are more skilled, more adaptable, and have better knowledge.

Competence becomes very important when humans are faced with very different situations, where the use of technology for various activities causes many workers to lose their jobs. Humans are required to be able to use technology optimally but must also use it carefully. This is deemed necessary because technology cannot be

<p>| Table 1. Open Unemployment by Highest Education Graduated 2015-2021 [1] |</p>
<table>
<thead>
<tr>
<th>-----------------</th>
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<th>-----------------</th>
<th>-----------------</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No/never been to school</td>
<td>124.303</td>
<td>94.293</td>
<td>92.331</td>
<td>43.740</td>
<td>36.422</td>
<td>35.761</td>
<td>20.461</td>
</tr>
<tr>
<td>2</td>
<td>No/ not finished elementary school</td>
<td>603.194</td>
<td>557.418</td>
<td>1.292.234</td>
<td>975.661</td>
<td>965.641</td>
<td>1.006.744</td>
<td>1.219.494</td>
</tr>
<tr>
<td>3</td>
<td>primary school</td>
<td>1.320.392</td>
<td>1.218.954</td>
<td>1.292.234</td>
<td>975.661</td>
<td>965.641</td>
<td>1.006.744</td>
<td>1.219.494</td>
</tr>
<tr>
<td>4</td>
<td>junior high school</td>
<td>1.650.387</td>
<td>1.313.815</td>
<td>1.281.240</td>
<td>1.265.421</td>
<td>1.235.199</td>
<td>1.251.352</td>
<td>1.515.089</td>
</tr>
<tr>
<td>5</td>
<td>General high school</td>
<td>1.762.411</td>
<td>1.546.699</td>
<td>1.552.894</td>
<td>1.672.601</td>
<td>1.690.527</td>
<td>1.748.834</td>
<td>2.305.093</td>
</tr>
<tr>
<td>7</td>
<td>Academy/Diploma</td>
<td>254.312</td>
<td>249.362</td>
<td>249.705</td>
<td>304.744</td>
<td>274.377</td>
<td>267.583</td>
<td>254.457</td>
</tr>
<tr>
<td>8</td>
<td>University</td>
<td>565.402</td>
<td>695.304</td>
<td>606.939</td>
<td>803.624</td>
<td>855.854</td>
<td>824.912</td>
<td>999.543</td>
</tr>
</tbody>
</table>
controlled. Technology offers various conveniences to its users. In controlling this technology, it is necessary to have the emotional pattern of the technology users. Emotional intelligence is vital for humans to use technology that cannot be controlled. Show by Table 1.

From the data in Table 1, it can be seen in this workforce from 2015 to 2021 it can be seen that unemployment from university graduates is increasing from year to year in 2015, there are 565,402 people until 2021 there are 999,543 unemployed people, this spurs an increase in competence in graduates so that it must be even better to be absorbed job market.

The revolution industrial show by Figure 1 and Figure 2 as follow:

**Figure 1. Industrial revolution**

**Figure 2. Industrial Revolution**

Industrial Revolution 1.0 took place in 1750–1850, marked by human labor being replaced by machines.

The Industrial Revolution 2.0, known as the Technological Revolution, was a phase of rapid industrialization in the late 19th and early 20th centuries. The Industrial Revolution was marked by the emergence of electric power plants and internal combustion engines (combustion chambers). This discovery sparked the emergence of telephones, cars, airplanes, etc., which changed the face of the world significantly.

Industrial Revolution 3.0 took place at the end of the 20th century, marked by the emergence of the internet and digital technology. The emergence of digital technology and the internet at the end of the 20th century marked the start of the Industrial Revolution 3.0 or known as the Digital Revolution. The process of the industrial revolution is studied based on the perspective of the British sociologist David Harvey as a process of compressing space and time so that space and time are increasingly compressed and no longer distant. Industrial Revolution 2.0, with the presence of cars, brought time and distance closer. Industrial Revolution 3.0 brings the two together. Therefore, the digital era carries a contemporary side.

The Industrial Revolution 4.0 Takes place at the beginning of the 21st century, Marked by the Internet of Things. In the Industrial Revolution 4.0, humans have found a new pattern when disruptive technology comes so quickly and threatens the existence of incumbent companies (old player companies). History has recorded that the Industrial Revolution has claimed many victims with the death of giant companies. Moreover, in this industrial era 4.0 generation, the company's size is not a guarantee, but the company's agility is the key to success in winning quickly. This is shown by Uber threatening big players in the transportation industry or Airbnb threatening significant players in the tourism services industry.

Industrial Revolution 5.0 is better known as Society 5.0. It was Japan that first introduced Society 5.0. The Japanese government realizes that various technological advances have taken over in such a way the role of humans in building civilization. If in psychology, compensation is a behavioral strategy to build satisfaction in one area as a counterweight to dissatisfaction with other areas of life. This is a feeling that the industrial era 4.0, which focuses too much on various technological developments, needs to be balanced by giving humans a more significant role. The Industrial Revolution 5.0 is not a further stage of the Industrial Revolution 4.0. A further stage in terms of linear development of the previous revolution. Industrial Revolution 5.

### 1.1. Emotional Intelligence

Emotional intelligence is the ability to recognize our feelings and those of others and manage emotions well in ourselves and relationships with others. [2]

The indicators of emotional intelligence are (a) personal skills consisting of self-awareness, self-regulation, motivation; and (b) social skills consisting of empathy and social skills [2]

### 1.2. Technological Capital

Technological capital is a general term that describes any technology that helps generate, store, communicate and convey information. [3] technology is something that
is used to process data, including processing, obtaining, compiling, storing, manipulating data in various ways to produce quality information, namely information that is relevant, accurate, and timely, which is used for personal, business, and is strategic information for decision making [4].

Two dimensions of technology, namely utilization, and effectiveness. Utilization of technology is a benefit that technology users expect in carrying out their duties; technology makes work more accessible, including the ease of exchanging information, easy access to cooperation, ease of carrying out business operations. Investment in appropriate technology can overcome production difficulties and save production time; technology investment can use production machines and other production supporting equipment. Meanwhile, effectiveness includes the effectiveness of product marketing [5].

1.3. Competence

Judging from the discipline of organizational behavior, competence along with commitment is included in the group of individual characteristics of organizational members. Organizational behavior experts, the concept of competence is understood as a combination of abilities and skills. That abilities and skills receive considerable attention in today's management circles. The use of term competence is a term used to describe this. Abilities show stable characteristics related to a person's maximum physical and mental abilities. Skills, on the other hand, are special capacities for manipulating objects [6].

In contrast to organizational behavior experts knowledge management experts, according to [7-10] the concept of competence together with the concept of commitment has been interpreted as human capital, which in this case is employees, collectively, with consumer capital and structure capital to form the organization's intellectual capital.[11] In this regard, it is stated that competence and commitment are seen as a factor forming the organization's intellectual capital. Ulrich stated, "Intellectual Capital = Competence x Commitment" [12].

1.3.1. Competency Characteristics

Individual competence is the character of attitudes and behavior or individual abilities that are relatively stable when faced with a situation at work formed from the synergy between character, self-concept, internal motivation, and contextual knowledge capacity. There are five main characteristics of competencies that will ultimately affect the performance of individual employees, namely: First, motives, which are something that a person thinks or wants consistently, and there is an urge to make it happen in the form of actions. Second, traits, namely mental characteristics and consistency of a person's response to stimuli, pressures, situations, or information. Third, self-concept is a noble value system upheld by someone, which reflects the self-image or self-attitude towards the aspired future or to a phenomenon that occurs in the environment. Fourth, knowledge, namely information that has a meaning that a person has in a particular field of study. Fifth, skill, namely the ability to do physical or mental work [13].

1.3.2. Competency Type

The dimensions and components of individual competence are divided into three, namely: (a) intellectual competence, (b) emotional competence, and (c) social competence. Spencer and Spencer have looked at the components of competence from aspects of the human dimension and interpersonal relationships but have not yet produced a component of spiritual competence [13].

Humans have three dimensions, namely First, the body. Second, mind, and Third, soul. From these three basic dimensions, they grouped competencies into three, namely (a) intellectual competence, (b) emotional competence, and (c) spiritual competence [14].

2. METHODS

The method used is a survey with a quantitative approach show by Figure 3 as follow:

![Figure 3. Thinking Framework](image)

**Figure 3. Thinking Framework**

The population of this study was 116 students of the Management Study Program who took the focus of Human Resources. The sampling technique uses saturated samples by taking all population members as samples from this study.

3. RESULTS AND DISCUSSION

**Validity test.** From the results of the validity test regarding Emotional Intelligence (X1), Technological Capital (X2), and Competence (Y), overall the numbers obtained from the first statement to the last statement from the test results through SPSS version 25 were
obtained the results of r count > r table. So that all variables are valid.

Reliability Test, From the results of the reliability test numbers obtained from the calculation results of SPSS version 25 show Cronbach's Alpha Emotional Intelligence (X₁) 0.898 > 0.60, Cronbach's Alpha Technological Capital (X₂) 0.782 > 0.60, and Cronbach's Alpha Competence (Y) 0.849 > 0.60. So that the reliability test is met. Table 2. Show model summary b and Table 3 show anova a and Table 4 show coefficient as follow:

### Table 2. Model Summary b

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin Watson</th>
</tr>
</thead>
</table>

### Table 3. Anova a

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1317, 817</td>
<td>2</td>
<td>658, 908</td>
<td>71.018</td>
<td>0.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>1048, 425</td>
<td>113</td>
<td>9,278</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2366, 241</td>
<td>115</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 4. Coefficients

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>sig</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model (b)</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Zero order</td>
<td>Partial</td>
</tr>
<tr>
<td>1 (constant)</td>
<td>7.025</td>
<td>2.631</td>
<td>2.670</td>
<td>.009</td>
<td></td>
</tr>
<tr>
<td>Emotional Intelligence</td>
<td>.508</td>
<td>.059</td>
<td>.659</td>
<td>.000</td>
<td>.738</td>
</tr>
<tr>
<td>Technological Capital</td>
<td>.289</td>
<td>.164</td>
<td>.138</td>
<td>.071</td>
<td>.512</td>
</tr>
</tbody>
</table>

Normality test, that the points that spread around the diagonal line and the spread of data points in the direction of the diagonal line, and Sig. 0.067 > 0.05. This indicates that the regression assumption model meets the assumption of normality and the regression model is feasible to be used to analyze the effect of independent variables on the dependent variable.

Multicollinearity Test, in the VIF column of Emotional Intelligence (1.473 < 10) and Technological Capital (1.473 < 10). So it can be concluded that the variables of Emotional Intelligence and Technological Capital do not occur multicollinearity so that the multicollinearity test is met. Scatterplot show by figure 4 as follow:

In the Scatterplot test, the Heteroscedasticity Test shows that there is no clear pattern and the points spread above and below the number 0 and the Y-axis. This indicates that the data in this study does not occur heteroscedasticity.

Autocorrelation Test shows the value of DW 1.121 > -2 and DW 1.121 < +2., which means that there is no autocorrelation. This regression model can be used for research and to test hypotheses.

Regression formulas that can be created. Y = 7.025 + 0.508 X₁ + 0.298 X₂ + e, this means, the constant is 7.025. This means that if there is no change in the variables of emotional intelligence, Technological Capital, and other variables that affect competence, then competence will be 7.025. The regression coefficient value of emotional intelligence contributed 0.508 to increase competence, and Technological Capital contributed 0.298 to increase competence, assuming each of the other factors remained.

The magnitude of the effect simultaneously is 55.7% (0.557 x 100%) with sig level. 0.00 < 0.05 which means a significant effect. The magnitude of the partial effect of Emotional Intelligence is 39.94% (0.6322 x 100%) with sig. 0.00 < 0.05 which means a significant effect. The magnitude of the partial effect of Technological Capital...
is 2.85% (0.1692 x 100%) with sig 0.071 > 0.05, which means it has an effect but is not significant.

4. CONCLUSIONS

The conclusions in this article are; first, Emotional Intelligence and Technological Capital simultaneously have a significant effect on increasing student competence. Second, Emotional Intelligence partially has a significant effect on increasing student competence. Third, Technological Capital partially but not significantly affects the improvement of student competence

ACKNOWLEDGMENT

Thank you to all who have helped the writer in completing this research so the writer can complete this article.

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[1] https://www.bps.go.id/
The Influence of Transformational Leadership and Knowledge Sharing on Innovative Work Behavior of Millenial Employees in Start-Up Companies

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3 Universitas Pendidikan Indonesia
*Corresponding author. Email: mugipuspita@gmail.com

ABSTRACT
This study aims to discover and explain the effects of transformational leadership and knowledge sharing on innovative work behavior (IWB). Respondents 50 employees millennials in start-up company Jakarta. Data collection is done through interviews and questionnaires. A questionnaire with a liker scale was used as a data collection technique. This study's analysis used SEM (Structural Equation Model) with Smart PLS model 3.0 as a statistical device. The result was that transformational leadership positively and significantly affects knowledge sharing. Transformational leadership and knowledge sharing positively and significantly affect innovative work behavior.

Keywords: Transformational Leadership, Knowledge Sharing, Innovative Work Behavior, Start-up.

1. INTRODUCTION

In recent years, it has become a trend that start-ups, which are generally driven by millennials who have a visionary vision, have succeeded in creating new markets and attracting consumers from the market niches that large companies have dominated. Start-up is a new company that is growing to survive [1]. Competition among start-up companies is increasing in Indonesia. According to data from StartUp Ranking [2], Indonesia is listed as the 4th country in the world with the highest number of start-ups, 2,193. The development of start-ups in Indonesia provides an opportunity for the millennial generation to contribute, considering that there are similarities in character between start-ups and the millennial generation, which is closely related to technology because millennials were born at the same time as the birth of technology. However, to be able to survive and compete is not an easy thing for start-up companies. A survey conducted by Tirto.id reports that 9 out of 10 start-up companies fail [3]. The tight competition in the increasingly competitive industry is a challenge for start-up companies to be able to compete and survive [4].

Studies from Forbes show that lack of innovation is one of the causes of start-up company failure [5]. These results show that innovation is an essential key for start-up companies to be able to maintain their performance. Following the findings from [6], start-up companies need to encourage their employees to behave proactively and stimulate them to contribute more in their work to get a sustainable competitive advantage.

In connection to these concerns, research in connection to these concerns, researchers believe that innovative work behavior is critical in the setting of a start-up organization. The first fact that researchers got from [7] is that the work dynamics of start-up companies are different from conventional companies, especially because start-up companies are very dynamic and full of uncertainty. Based on this, [7] found that start-up business owners will look for employees who have a personality according to the entity of the start-up business, in addition to some general things needed in finding the best employees. Some of the critical employee personalities that start-up company owners look for include being creative, innovative, and flexible in finding solutions to problems through innovative work [8]. Start-up is a company identical to innovative work...
behavior and has different demands on the initial and advanced cycles. This shows that innovative work behavior is needed by employees who work in start-up companies. De Jong and Den Hartog used the term “innovative work behavior” (IWB) to characterize the challenge of how to produce ideas and acquire the behaviors required to put these ideas into action.

To maximize innovative work behavior, it is necessary to have a leader’s role in managing it. One of the suitable leadership styles is the Transformational Leadership Style. In addition to the role of the leader concerned, several studies have also found that knowledge sharing can maximize innovative work behavior. Knowledge-sharing behavior in companies is considered vital because it can help achieve productive competition [9].

The role of knowledge-sharing behavior in companies is not only to prevent the loss of knowledge, which is vital for company productivity. Knowledge sharing behavior can also help in increasing innovation in companies [10-12]. Some studies show the relationship between knowledge sharing behavior and innovative behavior through the addition of other variables that accompany knowledge sharing behavior, such as team culture, characteristics of co-workers, and work performance [10-12].

In helping to increase innovation in the company, the knowledge-sharing behavior applied by employees provides a new perspective to help and enrich the work results. The views to new knowledge obtained from the results of knowledge sharing behavior help individuals find new ways and products that can benefit the company. Innovations that are influenced by the knowledge-sharing behavior process are not only limited to products but can also be seen from the services shown by employees to consumers.

2. METHODS

This study employed a survey method with a correlational research strategy. Data was gathered by delivering questionnaires to millennial workers of Jakarta-based start-up enterprises. The instrument used to measure transformational leadership is an adaptation of [13]. The instrument used to measure knowledge sharing is adopted from [9]. Meanwhile, to measure innovative work behavior adapting from [14]. The questionnaire is intended to be closed, with the exception of questions/statements about the respondents’ identities, which are in the form of a semi-open questionnaire.

3. RESULTS AND DISCUSSION

3.1. Outer Model Test

If all indicators in the PLS model meet the standards of convergent validity, discriminant validity, and composite reliability, the findings of the PLS analysis may be utilized to evaluate the research hypothesis.

3.2. Convergent Validity Testing

The lowest admissible loading factor in this research is 0.5, provided that the AVE value of each construct is more than 0.5 [15]. The estimation results of the PLS model are shown in Figure 1:

![Figure 1. Estimated Measurement Model](image1)

Figure 1. Estimated Measurement Model

Based on the analysis results in Figure 1, it can be seen that several indicators have a loading factor less than 0.7, indicating that they are invalid and must be dropped from the model. The estimation results of the model after the invalid indicators are dropped from the model are shown in Figure 2:

![Figure 2. Valid Model Estimation](image2)

Figure 2. Valid Model Estimation

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According to the PLS model estimate findings in Figure 2, all indicators have a loading factor value more than 0.7, indicating that the model meets the convergent validity requirements. Convergent validity is determined not only by the loading factor value of each indicator, but also by the AVE value of each construct. If the AVE value of each construct is more than 0.5, the PLS model is said to be convergent [15]. The total AVE value of each construct is shown in Table 1 below:

Table 1. Average variance extracted (AVE) value

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>rho_A</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Work Behavior</td>
<td>0.916</td>
<td>0.930</td>
<td>0.938</td>
<td>0.753</td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>0.904</td>
<td>0.919</td>
<td>0.930</td>
<td>0.728</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.926</td>
<td>0.936</td>
<td>0.939</td>
<td>0.661</td>
</tr>
</tbody>
</table>

3.3. Discriminant Validity

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

Table 2. Discriminant validity value

<table>
<thead>
<tr>
<th></th>
<th>Innovative Work Behavior</th>
<th>Knowledge Sharing</th>
<th>Transformational Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Work Behavior</td>
<td>0.868</td>
<td>0.888</td>
<td>0.886</td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>0.888</td>
<td>0.853</td>
<td>0.889</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.886</td>
<td>0.889</td>
<td>0.813</td>
</tr>
</tbody>
</table>

The discriminant validity test findings in Table 2 reveal that all constructs already have the square root value of AVE greater than the correlation value with other latent constructs (by the Fornell-Larcker criterion), implying that the model has discriminant validity.

3. Test Composite Reliability

The recommended value of composite reliability and Cronbach alpha is more than 0.7 [15]. The result show by Table 3 below.

Table 3. Composite reliability value

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Work Behavior</td>
<td>0.916</td>
<td>0.930</td>
<td>0.939</td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>0.904</td>
<td>0.919</td>
<td>0.930</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.926</td>
<td>0.936</td>
<td>0.939</td>
</tr>
</tbody>
</table>

According to the reliability test findings in the table above, all constructions have composite reliability scores and Cronbach's alpha values more than 0.7. Finally, all constructions passed the needed reliability.

4. Inner Model Test

With the booth strapping technique, the R Square value and the significance test value were obtained as shown in the Table 4 below:

Table 4. R square value

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>InnovativeWorkBehavior</td>
<td>0.833</td>
<td>0.826</td>
</tr>
<tr>
<td>KnowledgeSharing</td>
<td>0.790</td>
<td>0.785</td>
</tr>
</tbody>
</table>

According to Table 4, the R Square knowledge sharing value is 0.79, indicating that the transformational leadership variable explains the knowledge sharing variable by 79%.

Table 5. Value of significance test results

<table>
<thead>
<tr>
<th></th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Std. Deviation (STDEV)</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Sharing → Innovative Work Behavior</td>
<td>0.479</td>
<td>0.420</td>
<td>0.220</td>
<td>2.182</td>
<td>0.030</td>
</tr>
<tr>
<td>Transformational Leadership → Innovative Work Behavior</td>
<td>0.460</td>
<td>0.517</td>
<td>0.207</td>
<td>2.222</td>
<td>0.027</td>
</tr>
<tr>
<td>Transformational leadership → Knowledge Sharing</td>
<td>0.889</td>
<td>0.904</td>
<td>0.023</td>
<td>38.043</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 5 shows that transformational leadership (KT) has a positive and significant influence on knowledge sharing (H1 is accepted) as well as inventive work behavior (PI) (H2 is accepted) with p-values 0.05, which are 0.000 and 0.000, respectively. 0.027. Furthermore, the T statistic for all pathways is more than 1.96, and all path coefficients are positive. As a result, the assumption of the main impact of the independent variable on the dependent variable must be substantial in order for the mediation effect test to be performed [16]. Table 6 shows the findings of the mediation effect hypothesis test:

Table 6. Indirect effect value

<table>
<thead>
<tr>
<th></th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Std. Deviation (STDEV)</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Sharing → Innovative Work Behavior</td>
<td>-0.000</td>
<td>-0.000</td>
<td>-0.000</td>
<td>-0.000</td>
<td>-0.000</td>
</tr>
<tr>
<td>Transformational Leadership → Innovative Work Behavior</td>
<td>0.426</td>
<td>0.377</td>
<td>0.197</td>
<td>2.167</td>
<td>0.031</td>
</tr>
<tr>
<td>Transformational leadership → Knowledge Sharing</td>
<td>-0.000</td>
<td>-0.000</td>
<td>-0.000</td>
<td>-0.000</td>
<td>-0.000</td>
</tr>
</tbody>
</table>

Table 6 shows the indirect effect value of the model. The final result obtained is a valid model with a reliability and validity test that meets the level of significance of p < 0.05.
From the Table of Indirect Effect Values above, it can be concluded that transformational leadership positively affects innovative work behavior. From the Indirect Effect Value Table above, it is concluded that transformational leadership positively affects innovative work behavior. Through knowledge sharing with a significance of 0.000 or <0.05. Furthermore, to find out whether this mediation is fully mediating, it can be seen from Table 7 below:

**Table 7. Total effect value**

<table>
<thead>
<tr>
<th>Knowledge Sharing -&gt; Innovative Work Behavior</th>
<th>Original Value (O)</th>
<th>Sample Mean (M)</th>
<th>Std. Deviation (STDEV)</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership -&gt; Innovative Work Behavior</td>
<td>0.479</td>
<td>0.420</td>
<td>0.220</td>
<td>2.182</td>
<td>0.030</td>
</tr>
<tr>
<td>Transformational Leadership -&gt; Knowledge Sharing</td>
<td>0.886</td>
<td>0.894</td>
<td>0.207</td>
<td>32.562</td>
<td>0.000</td>
</tr>
</tbody>
</table>

From the total effects value in Table 7, the influence of transformational leadership (kt) on innovative work behavior(p) is still significant with a p-value of 0.000 (<0.05). This mediation's effect can only be described as quasi-mediating. If the entire impacts of transformational leadership on creative work behavior are not considerable, full mediation occurs [17]. According to the findings of the study, transformational leadership has a good and significant influence on knowledge sharing. This signifies that the better the awareness for varied knowledge among other employees, the more favorable the superior's leadership practice. This conclusion is consistent with earlier studies [18], [19], and [20]. Transformational leadership has a big and favorable impact on innovative work behavior. This suggests that the more favorable the superior's leadership style, the more inventive the workers' work behavior will be. This conclusion is consistent with earlier study [21-28].

In contrast to Ma & Jhang's research (2018), [29] concludes that transformational leadership has no significant effect on innovation and creativity. Knowledge sharing has a positive and significant impact on innovative work behavior. This means that the more positive knowledge sharing, the better employees' innovative work behavior.

The results of this study are in line with Rodan's research (2002) which states that knowledge sharing can encourage people to combine their codified knowledge with each other so that they are ultimately able to produce new knowledge that can be a source for the creation of product/process innovation. The path coefficient of the influence of transformational leadership on employees' innovative work behavior is worth 0.460 and is smaller than the magnitude of the influence of knowledge sharing on innovative work behavior (0.479). The possibility can be explained by the characteristics of the millennial generation that tend to dislike being ordered because they want a boss who sets an example and a leader who inspires. In that way, millennial employees want to build work relationships a more egalitarian one, where a manager or supervisor acts as a discussion partner who is willing to listen to their ideas.

### 4. CONCLUSIONS

Based on the research results, transformational leadership and knowledge sharing simultaneously influence individual work behavior variables. As for the discussions in the previous chapters, several conclusions can be made:

- Transformational leadership has a significant positive effect on innovative work behavior.
- Transformational leadership has a significant positive effect on knowledge sharing.
- Knowledge sharing has a positive and significant impact on innovative work behavior. This means that the more positive knowledge sharing, the better employees' innovative work behavior.

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The Design of Organizational Culture and Knowledge Sharing in Creating Innovation Behavior and Its Impact on Organizational Performance in Family Companies

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ABSTRACT
This study aimed at analyzing the interaction between organizational culture and knowledge sharing activities with innovation behavior that impacts organizational performance. This study used a quantitative approach employing survey methods on employees of family/foundation companies with a sample of 150 respondents chosen using the purposive sampling technique through filling out questionnaires. The analytical tool used in this study was the Structural Equation Model. The study results indicated that organizational culture affected knowledge sharing activities and innovation behavior, which improved organizational performance later. A better organizational culture would shape the positive behavior of employees, as indicated by the high level of knowledge-sharing activities and the level of innovation in the organization. Knowledge-sharing activities are also the basis for innovation in an organization; however, knowledge-sharing activities were not proven to affect organizational performance directly.

Keywords: organizational culture, sharing knowledge, innovation behaviour, performance.

1. INTRODUCTION

Along with advances in science and technology, every organization must be able to implement, utilize, and manage its human resources as one of the organization's efforts to develop human resources [1, 2]. Human resource development is related to the availability of opportunities and development of continuous learning both through formal and non-formal training programs that involve every element of an organization, especially employees.

An organization with good performance will be represented by qualified and trained human resources [3]. Therefore, employee training activities are an essential requirement for an organization. Without training, employees do not have a solid understanding of their responsibilities or duties. Employee training refers to programs that provide information, new skills, or professional development opportunities [4].

Education and training programs carried out formally require considerable costs, especially when it comes to involving all employees in an organization [2]. This is not comparable to the essence of the organization, where every organization needs to increase the efficiency of achieving its goals [5]. A conducive, progressive, and enduring culture is believed to be the basis of efficiency (Flanagan, 2010). Therefore, developing organizational culture has several important goals: conveying a sense of identity for organizational members, facilitating commitment formation, increasing organizational stability, and functioning as a sensing device that can guide and shape behavior [5]. Organizational culture provides rules and ways of behaving for employees [6]. According to [7] defines three levels of organizational culture: "artifacts" (including observable symbols, mission, and vision statements), "embraced beliefs and values", and "basic underlying assumptions". In addition, organizational culture influences employee readiness to change [8].

Organizations will see the value of inspiring employees to innovate and share knowledge with colleagues because these activities can lead to sustainable organizational success [9]. Innovation behavior refers to "all employee behaviors that are directed at the
generation, introduction, and application of a new idea, process, product, or new procedure to the relevant adoption unit which should be of significant benefit” [10]. Innovation that is closely related to technology has been proven to accelerate overall organizational performance [11]. According to [12], innovative work behavior consists of four stages, namely idea formation, opportunity exploration, scramble for ideas, and implementing ideas. On the other hand, knowledge sharing is positively correlated with individual innovation [13,14].

Knowledge sharing activities can lead to developing guidelines, contributing to research, symposia, conferences, academic discussions, reports, and updating of expertise. Knowledge sharing is a specific set of behaviors that involves exchanging relevant data or knowledge to collaborate with others to develop new ideas and implement policies [15]. In an organization, knowledge sharing often occurs because there is volunteerism within an organization [16]. According to [15] emphasize that knowledge sharing is perhaps the most critical knowledge management practice as it embodies all the opportunities and challenges associated with managing intangible and invisible assets. While technology can assist in capturing and distributing knowledge, emphasis should be placed on the organization. In addition, [17] suggest that an organization can succeed in knowledge management when it has a supportive corporate environment, which can be used as norms and values that bind together.

According to [18] offer four formation and knowledge transfer models. This model is often referred to as the SECI model, namely:

- Tacit to tacit communication (Socialization) is a process of sharing knowledge and making tacit knowledge a mental model and technical skill. Tacit knowledge can be obtained through observation, imitation, and practice. Emerged because of sharing and creating tacit knowledge through direct experience.

- Tacit to explicit communication (Externalization) is the process of articulating tacit knowledge in explicit concepts in the form of metaphors, analogies, hypotheses, or models (e.g., brainstorming).

- Explicit to explicit communication (Combination) is a systematic process of concepts into knowledge systems by combining different explicit knowledge. Explicit knowledge is transferred through media such as documents, meetings, emails, or telephone conversations. This knowledge categorization will give rise to new knowledge.

- Explicit to tacit communication (Internalization) is the process of converting explicit knowledge into tacit knowledge and close to the concept of learning by doing, for example, a report and concluding new ideas or taking constructive action.

Culture and its impact on knowledge creation and the use of the SECI model (socialization, externalization, combination, and internalization) will increase organizational insight into knowledge creation and the processes involved in it [19]. The use of the SECI model to measure knowledge creation and sharing across companies is widely recognized. Therefore, organizational culture will have a close relationship with the knowledge management process within the organization.

Based on the explanation above, this research will analyze the relationship between organizational culture, knowledge-sharing activities, and innovation behavior. In addition, this study will also analyze the effect of knowledge sharing and innovation on company performance. The hypotheses built in this study are:

H1. Organizational culture can influence knowledge-sharing activities.
H2. Organizational culture can influence innovation behavior.
H3. Knowledge-sharing activities can influence innovation behavior.
H4. Knowledge-sharing activities can affect organizational performance.
H5. Knowledge innovation behavior can affect organizational performance.

2. METHODS

This study used a quantitative approach using survey methods. The survey was conducted on employees of family companies. Family companies are considered appropriate to apply the research model considering the many unique qualities possessed by family companies which usually emphasize the principle of kinship itself. The family company in this study was in the form of a family foundation where every member of the organization still has family ties. The family foundations that form the framework for this research population were the Cipasung Foundation, the Manba'ussalam Foundation, and the Syam Salaam Foundation, all engaged in education. The sample size in this study referred to the opinion of [20], where the ideal sample size in survey research was 100-200 respondents. The sampling technique used was purposive sampling because the prospective respondent must meet specific requirements to convince the researcher that the respondent was proper. The primary data collection tool used was a digital questionnaire (using a google form). The attitude measurement scale applied to the questionnaire was a Likert scale with a magnitude of seven (7) scales for each statement. Operationalization of variables in this study consisted of one exogenous variable, namely organizational culture, and three
endogenous variables, namely knowledge sharing, innovation, and organizational performance.

The use of the dimensions of the organizational culture variable was adopted from the research of [7] and has been adjusted to assumption, attitude, ethics, beliefs, leadership, norms/rules, values. The dimensions of knowledge sharing each adapt the general concept of socialization, externalization, combinations, and internalization [18], which are still widely used by relevant research. Innovation behavior can be represented by the dimensions of idea formation, opportunity exploration, scramble for ideas, and implementing ideas [12]. Furthermore, the dimensions of organizational performance include effectiveness, efficiency, quality, profitability, and productivity [21]. Construct derivation for each variable can be seen in the table 1 as a follow:

**Table 1. Research Variable Construct**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimensions/Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Culture</td>
<td>• Assumption</td>
</tr>
<tr>
<td></td>
<td>• Attitude</td>
</tr>
<tr>
<td></td>
<td>• Ethics</td>
</tr>
<tr>
<td></td>
<td>• Beliefs</td>
</tr>
<tr>
<td></td>
<td>• Leadership</td>
</tr>
<tr>
<td></td>
<td>• Norms/rules</td>
</tr>
<tr>
<td></td>
<td>• Values</td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>• Socialization</td>
</tr>
<tr>
<td></td>
<td>• Externalization</td>
</tr>
<tr>
<td></td>
<td>• Combinations</td>
</tr>
<tr>
<td></td>
<td>• Internalization</td>
</tr>
<tr>
<td>Innovation Behaviour</td>
<td>• Idea formation</td>
</tr>
<tr>
<td></td>
<td>• Opportunity exploration</td>
</tr>
<tr>
<td></td>
<td>• Scramble for ideas</td>
</tr>
<tr>
<td></td>
<td>• Implementing ideas</td>
</tr>
<tr>
<td>Organizational</td>
<td>• Effectiveness</td>
</tr>
<tr>
<td>Performance</td>
<td>• Efficiency</td>
</tr>
<tr>
<td></td>
<td>• Quality</td>
</tr>
<tr>
<td></td>
<td>• Profitability</td>
</tr>
<tr>
<td></td>
<td>• Productivity</td>
</tr>
</tbody>
</table>

Table 1 shows that 19 factors became the measurement of the four variables studied in this study. All factors were involved in testing the structural interactions between variables in this study. The analytical tool used in this research is the Structural Equation Model (SEM) using the M-Plus software's help. SEM was chosen as an analytical tool because the formulated research model was included in the multivariate analysis.

3. RESULTS AND DISCUSSION

The data obtained were from 150 employees in a family company in the form of a foundation. The results of collecting data on the characteristics of respondents based on age in this study quantitatively are as follows: family foundation employees are mostly aged 30 to 40 years, reaching 45.5% of the total selected respondents. Profile of respondents based on gender, quantitatively the employees of family foundations were mostly male, reaching 70.5% of the total selected respondents. Family foundation employees’ work length was more than ten years, which represented 42.5% of the total selected respondents.

The analysis results showed that the loading factor value for the overall item measurement of each variable, namely organizational culture, knowledge sharing, innovation, and organizational performance, could meet the criteria (> 0.4). When the loading factor exceeds the criteria, it can be declared valid and [20]. The value of Construct Reliability for each variable has a value of more than 0.6, which has met the requirements and can explain the latent variables it forms. For the variance extracted value, all variables have met the minimum requirement of more than 0.50. So it can be concluded that the instrument used for this research was good.

The tested model will be considered good or satisfactory if the chi-square value is low based on probability with a cut-off value of p > 0.05. Based on the calculation results, the chi-square value was 167.242; thus, the tested model was good. The RMSEA value, which was smaller than or equal to 0.08, is an index for accepting the model, which shows a close fit based on degrees of freedom. Based on the calculation results, the RMSEA value was 0.072 < 0.080. In addition, the resulting CMIN/DF value was 1.968, which can meet the criteria ( < 2), so the model can be received well. The GFI obtained is 0.898 with the recommended acceptance rate greater than 0.90, which indicates that the model is still acceptable with a marginal fit level. Based on the calculation results, the TLI value of 0.911 was smaller than 0.95, and the CFI index was 0.928, which was smaller than 0.95 or the marginal fit classification so that the model is still acceptable. Research model can be seen in the Figure 1 as a follow:

**Figure 1. Research Model**

Source: M-Plus Analysis Results

From the results of the analysis shown in Figure 1, it can be seen that the estimated parameter of the relationship between organizational culture and knowledge sharing activities is 0.742. Testing the
relationship between the two variables shows the value of C.R = 6.226 with probability = 0.000 (p <0.05). Thus, hypothesis 1 is accepted because there was a positive correlation between organizational culture and knowledge-sharing activities. Therefore, the better the organizational culture owned by the company, the better the knowledge-sharing activities between employees. The estimated parameter of the relationship between organizational culture and innovation behavior was 0.448. Testing result of the relationship between the two variables showed the value of C.R = 3.293 with probability = 0.000 (p <0.05). Thus, hypothesis 2 is accepted because there was a positive correlation between organizational culture and innovation behavior. So that the better the organizational culture owned by the company, the better the innovation behavior formed. The estimated parameter of the relationship between knowledge-sharing activities and innovation behavior was 0.521. Testing the relationship between the two variables shows the value of C.R = 3.318 with probability = 0.000 (p <0.05).

Thus, hypothesis 3 is accepted because there was a positive correlation between knowledge-sharing activities and innovation behavior. Therefore, the better the knowledge-sharing activities among employees, the better the innovation behavior formed. The estimated parameter of the relationship between knowledge-sharing activities and organizational performance was 0.248. Testing result of the relationship between the two variables showed the value of C.R = 1.162 with probability = 0.245 (p < 0.05). Thus, hypothesis 4 is rejected. Thus, it can be concluded that knowledge-sharing activities cannot be proven to affect organizational performance directly. The estimated parameter of the relationship between innovation behavior and organizational performance was 0.733. Testing result of the relationship between the two variables showed the value of C.R = 3.361 with Probability = 0.000 (p < 0.05). Thus, hypothesis 5 is accepted because there was a positive correlation between innovation behavior and organizational performance. Therefore, the better the innovation behavior, the better the organizational performance. A good organizational culture can create knowledge-sharing activities among employees and encourage employees to have innovative behavior. In addition, when an organization is accustomed to doing knowledge-sharing activities, the logical consequence is high innovation from its employees, which can further improve organizational performance. However, this knowledge-sharing activity cannot be a direct measure of performance, but this activity is only a facilitator for the formation of innovation behavior from employees.

4. CONCLUSIONS

Organizational culture has a positive influence on knowledge-sharing activities and innovation behavior. Sharing knowledge among employees aimed to increase knowledge equality in an organization so that every individual in the organization does not have a knowledge gap. This will be the basis for the formation of innovation behavior because of the understanding regarding the achievement of goals among employees. Every employee has also realized that their organization will perform well when they innovate in every work activity. Therefore, a higher level of knowledge sharing among employees cannot guarantee improving performance without innovation behavior.

REFERENCES


Bibliometric Analysis of Strategic Digital Leadership to Boost Innovation in Organization

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ABSTRACT
This paper aims to give an extensive bibliographic literature review based on concepts and terms about digital leadership to boost innovation in the organization. All the supporting publications were searched in Google Scholars, Scopus, and Harzing’s Publish or Perish software. Resulting in 96 papers that qualified to be studied, ranging from 1994 to 2021. The papers were also reviewed through VOSviewer software, resulting in that strategic digital leadership can boost innovation in the organization. After screening and filtering, it can be concluded that papers on Q1 and Q2 have a more significant impact on this matter. The result is that strategic digital leadership can boost innovation in the organization. The density and network visualizations shown by VOSviewer software presented that innovation is indeed a keyword in most digital leadership-themed papers, and strategic digital leadership can boost innovation in an organization.

Keywords: Bibliometric analysis, strategic digital leadership, boost innovation.

1. INTRODUCTION

In the wake of technological advances, organizations are facing many changes in work design and leadership. These massive changes, such as the Internet and mobile computing, really break the boundaries between online and offline settings, creating a large-scale network of workers and peoples, objects, and computers, making everything can be connected [1]. The fast access to information, social networks, and instant messaging service also allows direct communications from employees to leaders on all organizational levels, changing how leadership is deployed [2].

One of the good sides of this matter is that instead of leaning towards their intuition and experience, leaders' decisions are increasingly based on thorough and smart analysis of big data stored digitally [3]. Also, now that the world is in the fight with the Covid-19 pandemic, the change is that now the employees are working from home in virtual teams, forcing contemporary leaders to have different behaviors and skills, especially the digital one. These changes are expected to change the way employees work and how they can contribute, giving innovation to the organization [4].

There are a few previous research about strategic digital leadership, a research conducted by [5] resulting in that digital leaders have different perspectives and abilities than more traditional leaders. While their research is detailed literature research, it proves that digitalization and technological developments have led organizations to transform their structures, business models, strategies, and process. According to [5] also stated that Digital Leadership is essential for an organization to survive the new digital era by transforming and adapting business strategies. To accomplish this, digital leaders shall use and improve the company’s digital data and assets.

Another researcher [6] examined how digital transformation affects organizations with key themes in leadership and work design. The result is that leaders have to increase their attention to employees' health more because digitalization has broken the boundaries between private and work life, employees could work from anywhere that resulted working is no longer defined by working hours between 8 am and 6 pm. Leaders will experience higher job demands because they will be pressured for more innovations, act with higher speed, and take more fast managerial decisions. The increased work in virtual teams may also force the
leaders to communicate through different media that suits them and the employees. Leaders also have to be more engaging toward the employees, incorporating their employees' innovation and ideas during decision making.

Based on our research and findings, there is no bibliometric analysis of how strategic digital leadership can boost innovation in an organization has been conducted. This paper aims to provide a substantial bibliometric analysis of the literature to see how strategic digital leadership can boost innovation in the organization.

This paper is organized as follows. First, we briefly review the literature relevant to the concept of digital leadership and innovation in organizations. Then, the theoretical relationship between digital leadership and innovation is described. Lastly, the discussion of the matter and the conclusion of the results.

1.1. Strategic Digital Leadership to Boost Innovation

Leadership itself is a process in which a manager or a leader intentionally influences other [7]. Leadership also functions as interpersonal information processing and a decision-making role [8]. Leadership also can be described as the management of employee relations and the exercise of authority to coordinate tasks within a company to fulfill whether it is a strategic or company operational goal [9].

Leadership is a leader's ability to drive their followers towards particular goals [10]. Divided by behavioral types, there are transactional and transformational leaders [11]. Transactional leaders are sensitive to the needs of others that, in turn, will follow them to satisfy their needs.

In Defining The Concept (Digital Leadership) by [12], Digital Leadership transcribed that a leader should do the planning, organizing, motivating, and controlling in a digital environment with the achievement of the organizational goals, where the relationship between the digital leader and the employees/ team of the organization is based on mutual trust. A Digital Leadership, according to [13], is defined by ten capabilities they are adaptability, collaborative, innovative, user-centered, self and other awareness, systemic intelligence, protects voice from below, understanding the difference between digital technology and digital culture, technology, and pace awareness.

Innovation is new creations, whether tangible or intangible material, that have significant economic value, generally made by a company/ organization and sometimes by an individual [14]. Innovations are the successful exploitation of a new idea or a knowledge mobilization, technological skills, and experience to create a new product, process, and service. Innovation is the main function of entrepreneurship [15]. Innovation can also be described as a new idea applied to initiate or fix a product, process, or service [16].

2. METHODS

A literature review provides both a comprehensive synthesis and an interpretation of the body of knowledge of a specific domain [17]. This research employed a literature review that should be conducted using a systematic, reproducible, and explicit method [18,19]. This research was also conducted as a bibliometric review generally used in scientific disciplines that focused on a quantitative study of journal papers, books, or other types of written media [20].

This research also used the five-step method adopted by [21] on their Bibliometric analysis of “Green Manufacturing” in 2018. These five steps are:

1. Defining Search Keywords

This literature search was performed in Mei 2021 by searching the keywords “digital leadership” and “innovation”. The search using Google Scholar, Scopus, and Harzing’s Publish or Perish (POp) software. The search resulted in 414 journals obtained using Scopus and PoP software in the initial search for the period from 1994 to 2021.

2. Initial Search Results

During the research, there were a lot of journals and books that were irrelevant to our search. PoP software's first results were over 1000 journals because of the keywords that are mostly general (digital, leadership, and innovation). Half of the search results from Scopus and PoP software are irrelevant to the search of the 414 journals and books.

3. Refinement of the Search Results

After doing a screening and filtering manually, Table 1 below shows that there are over 200 articles and journals that have been reviewed for this research:

| Table 1 Detailed search screening criteria (see online version for colors) |
|-----------------------------|-----------------------------|
| Search screening            | Number of articles          |
| Not relevant                | 21                          |
| Not in English              | 1                           |
| Unidentified/citation link  | 8                           |
| only/rejected website       |                             |
| Double                      | 1                           |
| Editorial/ book review      | 17                          |
| Q3/Q4 none from scimagojr list | 38                     |
| Non-business topics         | 18                          |
| Q1/Q2                       | 96                          |
| Total                       | 200                         |


Metrics data show by Table 2 below.

<table>
<thead>
<tr>
<th>Metrics data</th>
<th>Refinement search</th>
</tr>
</thead>
<tbody>
<tr>
<td>Query</td>
<td>Journal, strategic digital leadership form 1994 to 2021</td>
</tr>
<tr>
<td>Source</td>
<td>Google Scholar, Scopus</td>
</tr>
<tr>
<td>Papers</td>
<td>1993365 (1994-2021)</td>
</tr>
<tr>
<td>Citations Years</td>
<td>124.63</td>
</tr>
<tr>
<td>Cites_Year</td>
<td>16.83</td>
</tr>
<tr>
<td>Cites_Paper</td>
<td>1.00</td>
</tr>
<tr>
<td>Authors_Paper</td>
<td>25</td>
</tr>
<tr>
<td>h_index, g_index</td>
<td>51</td>
</tr>
<tr>
<td>hI_norm</td>
<td>25</td>
</tr>
<tr>
<td>hI_annual</td>
<td>0.93</td>
</tr>
<tr>
<td>hA-index</td>
<td>11</td>
</tr>
<tr>
<td>Query Date</td>
<td>5/31/2021</td>
</tr>
<tr>
<td>year_first</td>
<td>1994</td>
</tr>
<tr>
<td>year_last</td>
<td>2021</td>
</tr>
</tbody>
</table>

The data shown in the table above came from the data gathered from the research journals searched from Google Scholar and Scopus websites and then analyzed using POP software. After screening and filtering over 1400 journals and articles, we finally have 200 journals, books, and relevant articles for this research. Table 2 above compares a few metrics data after the search process was refined.

4. Compiling the Initial Data Statistics

After the refinement, we import the results obtained using POP into Google Scholars and Scopus, then export it into a format that Mendeley software can recognize. All of the data then analyzed, sorted, and classified to make the analysis easier, resulted in 414 journals that obtained using Scopus and PoP software in the initial search for the period from 1994 to 2021, and after the screening, we have 200 journals, books, and articles that are relevant for this research.

Over 27 years of papers, there are 10 top authors whose papers appear frequently. Davidson, Glassner, Mihardjo, and Elijden are the top 4 with more than three papers appearing. Figure 1 show author, Figure 2. Show by affiliation, Figure 3. Show by country as a follow:

5. Data Analysis

This paper presents the bibliometric analysis of the literature to see how strategic digital leadership can boost innovation in the organization. A bibliometric review in this paper was conducted using Harzing’s Publish or Perish software, with the supporting papers also searched from Google Scholar and Scopus. We searched on 23 May 2021, obtaining 414 papers in the initial results. After refining the results, it left us with 96 papers. As previewed in Table 2 above, these findings indicate that the refined search results (Q1 and Q2) journals are the journals that have a significant impact compared to others.

3. RESULTS AND DISCUSSION

This study shows that Q1 and Q2 journals have the most impact on the metrics based on keywords. We used the keyword "Leadership" in cluster one and showed 90 occurrences, and "digital leadership" showed 12 occurrences. "innovation" had 77 occurrences in cluster two, and "digital transformation" showed 27 occurrences. This data is shown in Table 3 below.

<table>
<thead>
<tr>
<th>Most frequent keywords</th>
<th>Keywords</th>
<th>article</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership (9 occurrences); Digital Leadership (12 occurrences)</td>
<td>Transformational Leadership; Government Leadership;</td>
<td>Leadership, Digitalleadership [22]; [23]; [24]; [25];[26]; [27]; [28]; [29]; [30];</td>
</tr>
</tbody>
</table>
On Scopus, the most cited papers with the keywords “digital leadership” and “innovations” are 'Leadership, capabilities, and technological change: The transformation of NCR in the electronic era' by [1] that has been cited 216 times. The second most cited paper is a paper by [64] titled 'The next 20 years: How customer and workforce attitudes will evolve’ cited 178 times. Those papers discuss how technologies evolve and their impact on the organization from employees, leadership, and working behavior.

Other than using keywords analysis using POP software, we also analyzed the keywords from papers that we collected and accounted in POP using VOSviewer software to determine what keywords were frequently occurring.

The Network Visualization above shows three clusters of innovation that are searched with digital leadership. Four substantial clusters are divided into red, blue, green, purple, and yellow. Red with the most prominent dots showing that innovation topics on digital leadership are the most occurrence keywords, followed by technology, challenge, leader, and other topics shown that are related to the discussions. The data previewed from Network Visualization are also in line with the Density Visualization below.

**REFERENCES**


The Effect of Flexible Work Arrangement and Perceived Organizational Support on Employee Job Performance: The Mediating Role of Employee Engagement

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ABSTRACT
This study aims to determine the effect of flexible work arrangements (FWA) and perceived organizational support (POS) on employee job performance through employee engagement. A cross-sectional research design was used in this study where the sample of the research were permanent employees in Indonesian companies that implemented flexible work arrangements. There are 344 data collected in this research where 35 data was used as pre-test and 309 data for the main test. The data was then analyzed using the Structural Equation Modelling (SEM) method to determine the relationship between each variable construct. This study used four variables with a total of 49 items questions. The findings of this study indicated that FWA and POS have a positive and significant effect on employee engagement and employee job performance. The study also revealed that employee engagement had a positive and significant influence on employee performance. Therefore, employee engagement mediates the effect of FWA and POS on employee job performance. The results of this study are expected to be a consideration for companies to be able to implement work flexibility policies because they can improve employee job performance. Work flexibility policy can create a work-life balance for employees to help increase employee engagement, which in turn makes employee performance increase.

Keywords: Flexible Work Arrangement, Perceived Organizational Support, Employee Engagement, Employee Job Performance, Covid-19 Pandemic.

1. INTRODUCTION
Flexible Work Arrangement (FWA) is generally known by the public as all work practices arranged outside the traditional way of working [1]. Meanwhile, Perceived Organizational Support (POS) is the general belief employees feel toward the organization where they work appreciates the contributions and welfare of employees [2]. Work flexibility in question can be in the form of flexibility regarding working time and the location we work. In addition, the development of telecommunications that exists today makes workers free from working hours and fixed work locations [1]. Several business advantages can be obtained through FWA, such as increasing productivity, increasing competitiveness in the market, and new types of organizations [1].

One of the advantages of work flexibility implementation is improving both company and employee performance. The use of flexibility in Human Resource Management improved the job performance of older employees [3]. Flexible working hours can have a positive and high impact on the performance of company employees [4]. In addition to influencing employee performance, FWA is also proven to positively influence and affect increasing employee engagement. Engagement is a positive, satisfying, work-related state of mind characterized by vigor, dedication, and absorption [5]. That statistically a significant effect that employee engagement (physical engagement, emotional engagement, cognitive engagement) can increase employee job performance of workers at telecommunications companies in Jordan [6]. Furthermore, another research on the relationship between flexibility and engagement said that employees...
who applied FWA would be significantly more engaged or have stronger engagement than other employees who did not apply FWA [7].

In addition to work flexibility, another thing that can improve employee performance and employee engagement is perceived organizational support (POS). The research on Pakistan's banking sector resulted in POS playing a vital role in increasing employee engagement [8]. Furthermore, other research in India found that POS has a direct positive influence on employee performance, and this influence can be achieved indirectly through employee engagement [9]. Other researchers found that POS has a positive and significant effect on employee engagement. According to him, when employees feel they have support from the company, they will work harder and increase their involvement in the company [10].

The FWA policy is undoubtedly able to be a solution for the creation of a work-life balance for employees, especially during the Covid-19 pandemic, which requires employees to be able to maintain their immunity. This is in line with previous research, which states that flexible working hours positively impact productivity, employee performance, and work-life balance [4]. This research aim was to examine the effects of flexible work arrangement and perceived organizational support on employee job performance in Indonesia with the following research question: what is the impact of flexible work arrangement and perceived organizational support on employee engagement and employee job performance in Indonesia?

In the first section, this study explains the impact of the covid-19 pandemic in Indonesia, which forced companies to create policies regarding work flexibility and provide support to employees to still work with maximum performance. In the second section, a literature review of flexible work arrangement, POS, employee engagement, and employee job performance, including the development of hypotheses this study proposed. The third section describes the research methodology: design, population, sample, data collection technique, and measurement of the variables in this study. The fourth section discusses the finding and results, while the last section describes the conclusions, limitations, and recommendations for future research.

2. LITERATURE REVIEW

Flexible Work Arrangement

Flexible working arrangement (FWA) is generally known by the public as all work practices arranged outside the traditional way of working. In addition, the development of telecommunications that exists today makes workers free from working hours and fixed work locations [1]. Other researchers stated that FWA is a program designed by management for employees so that employees have several choices of more flexible work schedules to improve company performance and achieve work-life balance for employees [11]. FWA can be divided into several commonly implemented examples: flexitime, teleworking, compressed work schedules, non-standard working weeks, result-only work environments, and job share [12].

Perceived Organizational Support

Perceived Organizational Support (POS) is a general belief felt by employees that the organization they work for gives respect to the contributions and welfare of employees [2]. Based on organizational support theory, three general forms of organizational treatment can improve POS: fairness, supervisor support, and organizational rewards & job conditions [13]. There are various ways that companies can show employees that the company cares about their welfare and appreciates the contributions of their employees. Supporting aspects such as leadership, fairness, HR practices, and working conditions are related to POS [14].

Employee Engagement

Kahn [15] defines “personal engagement” as the simultaneous work and preferred self-expression of a person in task behaviors that promote connection to work and others, personal presence (physical, cognitive, and emotional), and active full-role performance. Three psychological conditions can be an antecedent for the emergence of personal engagement, namely psychological meaningfulness, psychological safety, and psychological availability [15]. The next researcher builds a frame called “work engagement,” which is defined as the contradiction of burnout, a positive, satisfying, work-related state of mind characterized by vigor, dedication, and absorption [15].

Employee Job Performance

Job performance is the behavior of employees who are engaged while at work that has contributed to the company's goals. Job performance can be divided into two main categories, in-role (task) performance and extra-role (contextual) performance [16]. In-role performance refers to a person's ability to carry out the technical aspects of their respective jobs, while extra-role performance refers to a person's non-technical abilities to support their work, such as communication, high motivation, and work together [16]. IWP (Individual Work Performance) can be defined as behaviors or activities relevant to the organization or company [16]. Based on research that has been done on various kinds of literature, IWP can be classified into three main dimensions, task performance, contextual performance, and counterproductive work behavior [17].
Relationship Between Flexible Work Arrangement, Employee Engagement, and Employee Job Performance

Perceived flexibility and supportive work-life policies support the achievement of greater employee engagement and longer retention than expected [18]. Employees who applied FWA will be significantly more engaged or have stronger engagement than other employees who did not apply FWA. In addition, the study also revealed the results that flexibility fit is a strong predictor of engagement for all employees [7]. Availability of flexibility HR practices had a positive influence on employee engagement and job performance of employees of a company. In contrast, the use of flexibility HR practices did not directly affect employee engagement but could improve the job performance of company employees [3]. Flexible work arrangements have a significant and strong influence on directly increasing employee engagement and employee performance. In addition, employee engagement can mediate the relationship between flexible work arrangements and improving employee performance [19]. Based on these findings, the following hypothesis is suggested:

H1a: Flexible Working Arrangement has a direct, positive, and significant effect on Employee Engagement.

H1b: Flexible Working Arrangement has a direct, positive, and significant effect on Perceived Job Performance.

H1c: Employee Engagement mediates the effect of Flexible Working Arrangement on Employee Job Performance in a positive and significant way.

Relationship Between Perceived Organizational Support, Employee Engagement, and Employee Job Performance

There is a direct effect of perceived organizational support (POS) and person-organization fit (P-O fit) on employee engagement and causes varying effects on organizational commitment and job satisfaction [20]. Other researchers found that perceived organizational support is vital in increasing employee engagement [8]. Furthermore, [10] also found the results of their research that perceived organizational support had a positive and significant effect on employee engagement. The relationship between perceived organizational support and an employee's performance can be positive directly or through the mediation of engagement [21]. Employee engagement can mediate the relationship between perceived organizational support and employee performance and affective commitment [9]. Based on these findings, the following hypothesis is suggested:

H2a: Perceived Organizational Support has a direct, positive, and significant effect on Employee Engagement.

H2b: Perceived Organizational Support has a direct, positive, and significant effect on Perceived Job Performance.

H2c: Employee Engagement mediates the effect of Perceived Organizational Support on Employee Job Performance positively and significantly.

 Relationship Between Employee Engagement and Employee Job Performance

Anitha [22] has conducted research in India on employees with middle and lower management levels, getting the results that employee engagement is able to improve employee performance strongly and significantly. Statistically, employee engagement (physical, cognitive, and emotional engagement) significantly influences the job performance of employees in Jordan telecommunication companies [6]. Other researchers also say that employee engagement positively influences employee performance and the affective commitment of an employee of a company or organization [9]. Based on these findings, the following hypothesis is suggested:

H3: Employee Engagement has a direct, positive, and significant effect on Employee Job Performance.

Figure 1. Research Model of the Current Study

3. METHODS

The research design carried out in this study is a causal research design. This research used a quantitative descriptive study, and the data were collected online using Google Form. In addition, this study used a single cross-sectional design method. The target population in this study were employees with a minimum working period of 1 year who have become permanent employees at the company where he works, which are domiciled in Indonesia and have implemented a flexible working arrangement system during the Covid-19 pandemic. 465 people participate to become respondents in this study, but only 309 meet the research sample's criteria.

The instrument used to measure the flexible working arrangement (FWA) was the FWOQ which consists of 11 questions [23]; perceived organizational support (POS) was measured using the short version of the Survey of
POS instrument [15]; employee engagement was measured using the Gallup Q12 instrument [24], and perceived job performance was measured using the IWPQ instrument with 18 questions [17]. All the questions above use a Likert scale of 1-7, with “1=Strongly Disagree” to “7=Strongly Agree”.

This research was conducted in 3 stages: wording test, pre-test, and main test. The wording test was conducted to determine whether the sentence structure proposed in the instrument could be understood or not by the prospective respondents. Furthermore, the pre-test stage was carried out on 35 respondents to test the validity and reliability of the instruments used. Then the main test was carried out to obtain the main data, which will later be analyzed in-depth to determine the relationship between each variable. This study uses a one-tailed method so that the significance limit is greater than 1.64.

4. RESULTS AND DISCUSSION

First, a pre-test was conducted on 35 respondents. This is done to test the validity and reliability of the instruments used in this study. Furthermore, an analysis was carried out using the SPSS 22 application to test the validity and reliability. Furthermore, an analysis of 309 respondents’ data was carried out using Structural Equation Modelling (SEM) to test the research model and determine the relationship between research variables [25].

Data collection was conducted during April-June 2021 with the majority of 309 respondents are male (n = 203; 65.7%), in 26-30 years of age (n = 101; 32.7%), married (n = 237; 76.7%), had bachelor’s degree (n = 179; 57.9%). Majority of respondents work in educational services (n = 64; 20.7%), banking and insurance (n = 52; 16.8%). More complete demographic profiles of respondents are shown in Table I below.

Table 1. Demographic of Respondents

<table>
<thead>
<tr>
<th>Demographics of Respondents</th>
<th>Profiles</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
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<td>65.7</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>106</td>
<td>34.3</td>
</tr>
<tr>
<td>Age Group (years)</td>
<td>21-25</td>
<td>16</td>
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</tr>
<tr>
<td></td>
<td>26-30</td>
<td>101</td>
<td>32.7</td>
</tr>
<tr>
<td></td>
<td>31-35</td>
<td>63</td>
<td>20.4</td>
</tr>
<tr>
<td></td>
<td>36-40</td>
<td>33</td>
<td>10.7</td>
</tr>
<tr>
<td></td>
<td>41-45</td>
<td>30</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>&gt;45</td>
<td>66</td>
<td>21.4</td>
</tr>
<tr>
<td>Educational Background</td>
<td>High</td>
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<td>6.1</td>
</tr>
<tr>
<td></td>
<td>school</td>
<td>14</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td>Diplom</td>
<td>179</td>
<td>57.9</td>
</tr>
<tr>
<td></td>
<td>a</td>
<td>65</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Bachelor</td>
<td>32</td>
<td>10.4</td>
</tr>
</tbody>
</table>

As shown in Table II, we can see the construct’s CR (Composite Reliability) and AVE (Average Variance Extracted). The CR should be greater than 0.7 [25]; in this study, it ranged from 0.91 to 0.96, hence, acceptable. The AVE of the construct ranged from 0.57 to 0.68, i.e., greater than the accepted value of 0.50 [25].

Table 2. Reliability Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>CR</th>
<th>AVE</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible Work Arrangement</td>
<td>0.91</td>
<td>0.57</td>
<td>Reliable</td>
</tr>
<tr>
<td>Perceived Organizational Support</td>
<td>0.94</td>
<td>0.68</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0.94</td>
<td>0.58</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Job Performance</td>
<td>0.96</td>
<td>0.62</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Most respondents felt that flexible work arrangements help them maintain their work during a pandemic. With the work flexibility policy provided by the company, employees can do their work with a more flexible time, and they can do work from home, so they do not have to spend a lot of time and energy going to the office. Work flexibility can balance work and family matters to achieve the employee's work-life balance (WLB) [4]. Furthermore, the respondents also felt that the company they work for appreciates their contribution to improving the company’s performance.

The most significant effect of those constructs was the relationship between perceived organizational support and employee engagement, with a t-value is 8.24. It can be concluded that when employees feel that they get support from the company, their level of attachment to the company will increase. This result is consistent with previous research, which says that when employees...
feel supported by the company, they will work harder, increasing engagement with the company [11].

Table 3. Result

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Elements</th>
<th>t-value/ z-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>FWA → Employee Engagement</td>
<td>5.10</td>
<td>Significant</td>
</tr>
<tr>
<td>H1b</td>
<td>FWA → Employee Job Performance</td>
<td>3.44</td>
<td>Significant</td>
</tr>
<tr>
<td>H1c</td>
<td>FWA → Employee Engagement → Employee Job Performance</td>
<td>3.69</td>
<td>Significant</td>
</tr>
<tr>
<td>H2a</td>
<td>POS → Employee Engagement</td>
<td>8.24</td>
<td>Significant</td>
</tr>
<tr>
<td>H2b</td>
<td>POS → Employee Job Performance</td>
<td>1.94</td>
<td>Significant</td>
</tr>
<tr>
<td>H2c</td>
<td>POS → Employee Engagement → Employee Job Performance</td>
<td>4.49</td>
<td>Significant</td>
</tr>
<tr>
<td>H3</td>
<td>Employee Engagement → Employee Job Performance</td>
<td>5.35</td>
<td>Significant</td>
</tr>
</tbody>
</table>

This study also found that most employees were willing to continuously update their skills and knowledge related to their work. Therefore, companies need to support this through training and development for employees according to their respective fields. Companies also need to pay attention to the workplace environment and build a conducive and supportive atmosphere so that employees can work optimally and do their best. Companies can hold recurring events such as family gatherings or casual discussions outside office hours to increase employee interaction in non-formal activities.

This research was conducted during the Covid-19 Pandemic, which was a period of social restrictions, where data collection could only be done online. The research method used was cross-sectional, so the results obtained only reflect a particular time when data were collected [26]. Further researchers can conduct research related to the effect of flexible work arrangements on employee job performance by comparing the effect on permanent employees and non-permanent employees. Besides that, the subsequent research can test with other mediator variables. One of the variables that can be used is organizational commitment.

5. CONCLUSIONS

The result revealed that flexible work arrangements and perceived organizational support have direct and positive influences on employee engagement and employee job performance. In addition, employee engagement can act as a mediator in the indirect relationship between FWA and POS to employee job performance. Work flexibility policy can create a work-life balance for employees to help increase employee engagement, which in turn makes employee performance increase. The company can apply the work flexibility policy because it is included in the low-cost policy.

Support from the organization also can increase employee engagement. The support provided includes fairness in promotion, support from leader or supervisor, giving prizes for contributions, and creating a harmonious work environment.

REFERENCES


The Innovative Behavior During Work from Home in Indonesia: The Role of Job Autonomy and Work Engagement

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ABSTRACT
Covid-19 pandemic changes the way people work, with many companies implementing work from home policy as a new way of working. Employees must adapt to the new policy, which requires organizations to create an optimal working environment to enable employees to have positive behavior and performance to support the company's business. This study examines the effects of job autonomy and work engagement on innovative work behavior in Indonesia's Work from Home situation. This study is conducted through primary data collection using a quantitative research design, with questionnaires collected from 286 employees from various industries who work under the Work from Home policy. Data collected are further being analyzed using Structural Equation Modelling (SEM) to test the overall construct of the research model. This study shows that a high level of job autonomy has a positive and significant effect on work engagement and innovative work behavior. In contrast, work engagement is a significant driver of innovative work behavior and partially mediates the positive effect of job autonomy on innovative work behavior. Implementing a policy that could provide more control and freedom to employees when performing their job could increase employees' level of engagement and innovative behavior. This study has two significant contributions: first, enriching academic references in the field of human resources related to job autonomy, work engagement, and innovative work behavior variables, and secondly, providing insights for leaders and human resources department of organizations when implementing practical working policy in Work from Home situation in Indonesia.

Keywords: Innovative Work Behavior; Work Engagement; Job Autonomy; Work from Home.

1. INTRODUCTION

Dachner, Ellingson, Noe, & Saxton [1] argued that human resources were essential for an organization to gain a competitive advantage in the industry. The covid-19 pandemic, which has rapidly infected global countries since 2019, changes the way people work in many organizations. A recent survey by PwC in April 2021 to global company leaders showed that 70% of companies across the globe were impacted by the pandemic, including in Indonesia [2]. The same survey also reported that the work from home method is the most common policy implemented in many organizations to cope with the pandemic. According to a PwC report, 50% of leaders from Indonesia do the work from home method the main policy for an employee to work during this pandemic [2].

Work from home policy is predicted to continue for some time to come. Employees are faced with an unusual situation, especially with the adjustment of working from home conditions, which requires company leaders and management to create optimal working conditions for employees to have positive behavior and performance to support organizations' business continuity. In telework conditions, the role of the human resources department is fundamental to ensure the telework experience is positive for both employees and the company [3]. Telework changes the traditional concept of working arrangements, impacting the experience felt by employees and further may affect the engagement level of employees. Sardesmukh, Sharma, & Golden argued that job resources were affected by telework and might have implications on employees' work engagement [4].
According to job demands-resources theory, job resources are the physical, psychological, social, or organizational aspects of work that help employees reduce the impact of job demands and the psychological burden of work, and generally one of the most important predictors of work engagement [5]. One kind of job resource that significantly affects engagement is job autonomy. Job autonomy helps employees cope with job demands (extra-load, physical and emotional demands of work) because employees have more freedom to decide how to respond and deal with the work demands. Job autonomy allows employees to achieve work goals and cope better with the job demands, enabling employees to work with dedication, vigor, and absorption, the characteristics of work engagement [6], [7].

Highly engaged workers are more likely to have better task performance, help their colleagues, and possess innovative ideas, contributing to team performance and organizational outcomes [8]. Work engagement is closely related to the use of cognitive, emotional, and behavioral daily work [9]. In addition, employees engaged with their work show a high level of energy, are enthusiastic, focused, possess strong mental strength, and are persistent, characteristics that enable employees to work innovatively [10].

Although many previous studies had observed the impact of job autonomy and engagement on innovative work behavior, very few studies observed the effects in the telework context, especially in Indonesia. This research aims to examine the effects of job autonomy and work engagement on innovative work behavior in Indonesia’s Work from Home situation. The research question is: what is the impact of job autonomy in work from home situations in Indonesia on employees’ work engagement and innovative work behavior?

The first section of this paper highlights the emergence of work from home policy as one of the main working policy options for organizations to cope with the Covid-19 pandemic and how it might impact employees’ autonomy, engagement level, and innovative behavior. In the second section of this paper, a literature review of innovative work behavior, work engagement, and job autonomy is explained, including the development of hypotheses this study proposed. The third section describes the research methodology: population, sample, data collection technique, and measurement of the variables in this study. In the fourth section, the findings and results of the study are discussed, while the last section describes the conclusions, limitations, and recommendations for future research.

### 1.1. Literature Review

#### 1.1.1. Innovative Work Behavior

Kleysen & Street define innovative work behavior as individual activities carried out to generate, introduce, and implement practical innovations in any process that occurs within the organization [11]. While in other definition by De Spieghelaere, Van Gyes, De Witte & Van Hootegem, innovative work behavior is all efforts and employee behavior that leads to the creation, introduction, and implementation (in a role, group, or organization) of new ideas, processes, products, or procedures in units that provide significant benefits [12].

In previous research, several studies classified innovative work behavior as a multidimensional unit [13]. In the literature review of Kleysen & Street's research, innovative work behavior was classified into five classification factors related to individual innovative behavior: opportunity exploration, generativity, formative investigation, championing, dan application. Although theoretically, innovative behavior is a multidimensional concept, previous research shows that there is no substantial evidence that the multidimensional concept can accurately explain the construct of innovative work behavior. The research of Kleysen & Street itself ultimately measures and analyzes the construct of innovative work behavior in a unidimensional manner, with all research measurement items having good validity and reliability [11].

Innovative work behavior also includes employee behaviors that directly or indirectly support the development and introduction of innovations in the workplace [12]. The research of Van Zyl, Van Oort, Rispens, & Olckers shows that work engagement is a significant driver of innovative work behavior [14].

#### 1.1.2 Work Engagement

The term engagement at the individual level was first coined by Kahn, which later became the basis for developing studies and theories regarding engagement. Kahn explained that personal engagement is positive energy that motivates and connects employees with the company emotionally, cognitively, and physically [15]. According to Schaufeli and Bakker, work engagement is defined as a positive and satisfying state of mind in the context of work, which is characterized by three characteristics: vigor, dedication, and absorption [7]. Individuals who have a high level of engagement will have high energy levels, feel enthusiastic, and be immersed in their work activities [8].
1.1.3. Relationship between Work Engagement and Innovative Work Behavior

One of the results of work engagement in relation to employee behavior is innovative work behavior (IWB). Shuck, Adelson, & Reio mentioned that engagement is closely related to the use of cognitive, emotional, and behavioral aspects, where these three things are needed for individuals to carry out the innovation process [9]. The synergy between the cognitive, emotional, and physical aspects of engagement is expected to drive employees’ innovative behavior. Recent research by van Zyl, Van Oort, Rispens, & Olckers also argued that work engagement is a significant driver of innovative work behavior [14].

Thus, the hypothesis proposed in this study is:

H1: Work engagement has a direct and positive relationship with innovative work behavior in Work from Home situation in Indonesia

1.1.4. Job Autonomy

In previous literature about work characteristics, autonomy is one of the most studied subjects [16]. Autonomy refers to the level of control employees have to perform their job. Another definition for autonomy comes from Morgeson & Humphrey, who define job autonomy as a level where employees have more freedom to schedule, make decisions, and determine the work method used to perform their job [16]. Hence, Morgeson and Humphrey classified autonomy into three dimensions: work scheduling, decision-making, and work methods.

Work scheduling dimension refers to the extent to which an employee has the freedom to have control over the arrangement and scheduling of tasks at work, decision-making dimension refers to the extent to which an employee has flexibility in control of work-related decision making, and work methods dimension refers to the extent where employees have control and discretion over the ways and methods will be used to get work done [16].

1.1.5. Relationship between Job Autonomy, Work Engagement, and Innovative Work Behavior

Previous research results by De Spieghelaere, Van Gyes, De Witte, Niesen & Van Hooijtem showed that job autonomy had a positive relationship with innovative work behavior either directly or indirectly through work engagement mediation [12]. Another research by Malinowska, Tokarz & Wardzichowska also showed that job autonomy positively affected work engagement [17]. Thus, the proposed hypotheses are:

H2: Job autonomy has a direct and positive relationship with innovative work behavior in Work from Home situation in Indonesia

H3: Work engagement mediates the relationship between job autonomy and innovative work behavior in Work from Home situation in Indonesia

2. METHODS

2.1. Research Design

This research is conducted using a cross-sectional research design, with questionnaires collected online from 286 employees from various industries who work under the whole Work from Home policy in Indonesia at least for three months and have served their current employers for at least one year. From the distribution of the main test questionnaires, a total of 340 respondents were collected, with 315 respondents passing the initial screening. Of the 315 respondents, only 286 respondents could be further processed for analysis due to other 29 questionnaires were statistically inconsistent. Data that has been collected were analyzed using Structural Equation Modelling to test the overall construct of the research model.

2.2. Measurement

Three self-report instruments were used to measure variables in this research, with a seven-point Likert scale ranging from 1 = strongly disagree to 7 = strongly agree were used in all measurement instruments in this study.

Morgeson & Humphrey [16] 9-items measurement instruments were adopted to measure the job autonomy variable in this study, which was consisted of three dimensions: work scheduling autonomy, decision-making autonomy, and work-method autonomy. Cronbach alpha for each dimension in this measurement instrument is 0.791 (work scheduling), 0.894 (decision-making), and 0.916 (work methods). Sample questions are “The job allows me to make my own decisions about how to schedule my work”, “The job gives me a chance to use my personal initiative or judgment in carrying out the work”, and “The job allows me to make decisions about what methods I use to complete my work”.

UWES9 [18] 9-items measurement instruments developed by Schaufeli, Bakker, & Salanova were adopted to measure the work engagement variable, constructed by three dimensions: vigor, dedication, and absorption. Sample questions are “At my work, I feel bursting with energy”, “I am enthusiastic about my job”, and “I get carried away when I am working”. Cronbach alpha for each dimension in this measurement instruments are 0.860 (vigor), 0.865 (dedication), and 0.823 (absorption).
Kleysen & Street 14-items measurement instruments [11] were adopted to measure innovative work behavior, which was measured as a unidimensional variable. Sample questions are “In my current job, I look for opportunities to improve an existing process, technology, product, service or work relationship”, “In my current job, I experiment with new ideas and solutions”, and “In my current job, I generate ideas or solutions to address problems”. Cronbach alpha in this measurement instrument is 0.941

3. RESULTS AND DISCUSSION

Data collection was conducted during April-June 2021 with the majority of 286 respondents are male (n = 180; 62.94%), in 31-35 years of age (n = 109; 38.11%), had bachelor’s degree (n= 190; 66.43%), are married (n = 231; 80.77%), and had employment status as permanent employees (n = 235; 82.17%). Majority of respondents work in ICT industry (n = 152; 53.15%). More complete demographic profiles of respondents in this research are shown in Table 1.

### Table 1. Demographic of Respondents

<table>
<thead>
<tr>
<th>Demographics of Respondents</th>
<th>Profiles</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>180</td>
<td>62.94</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>106</td>
<td>37.06</td>
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<tr>
<td><strong>Age Group (years)</strong></td>
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<td>21-25</td>
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<td>31</td>
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<td>&gt;45</td>
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</tr>
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<tr>
<td>Bachelor</td>
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<td>66.43</td>
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<tr>
<td>Contract</td>
<td>51</td>
<td>17.83</td>
<td></td>
</tr>
</tbody>
</table>
3.3. Hypothesis Testing

The structural model of this study is shown in Figure 1 below. The hypothesis is considered accepted if the t-value ≥ 1.64. Based on the results, employees who had autonomy in doing their work would have a higher level of engagement (t-value = 6.54) and would be more innovative (5.73). Employees also would be more likely to be innovative if they were more engaged with their work (t-value = 8.62). The existence of work engagement in employees plays an essential role in strengthening the relationship between autonomy and innovative work behavior in work from home situations in Indonesia.

![Figure 1. Path Diagram](image)

According to previous research, in the normal situation where work from home policy was not implemented, job autonomy affected the engagement level of employees [12], [17]. Based on the result from this study, autonomy is one of the predictors of employee work engagement in work from home situations in Indonesia. Having more control of how to schedule, make the decision, and decide the method to perform their job increases employees' engagement level during work from home implementation.

In addition, having more control of their work also proved to be fundamental in driving innovative work behaviors of employees in work from home situations. According to results, employees with a high level of autonomy tend to have a higher level of innovative work behaviors, in line with previous studies in normal working conditions, which shows that job autonomy had a significant effect directly on innovative work [12].

Results from this study also show that the engagement level of employees affected the innovative work behavior of employees in work from home situations in Indonesia. This result supported previous studies that showed work engagement had significant effects on innovative behavior [10], [12]. An employee with a high level of engagement will be more likely to have innovative work behaviors in performing their job in work from home situations. Furthermore, the existence of work engagement factors will further increase the influence and significance of job autonomy on innovative work behavior, with the type of mediation on the role of work engagement being partial mediation.

This mediating role of work engagement supports previous research, which also showed that work engagement was able to act as a mediator in the direct and positive relationship between job autonomy and innovative work behavior [12]. The flexibility and freedom in managing the work schedule, deciding the work, and determining how to complete tasks at work will positively and significantly influence an employee to explore and implement new ideas to complete tasks of work during work from home situation in Indonesia. The influence on the innovative behavior of these employees will be even greater and significant when employees who have high autonomy in their work also feel a high level of engagement with their work.

According to the results, leaders in organizations need to maintain the level of engagement and innovative work behavior of employees through policy that could increase the level of engagement and innovative behavior within employees, such as giving more control and freedom to employees when performing their job with regular evaluation and feedback so that the implementation can be more effective and optimal. As mentioned earlier, in telework conditions or work from home, the role of the human resources department is important to ensure positive work experiences for both employees and the company [3]. With the implementation of a work from home policy that provides a conducive and optimal working environment for employees to carry out their work, it is expected that employees will be able to provide a positive contribution to the company through a high level of work engagement and innovative work behavior so that organizations could gain a competitive advantage during a global industry that increasingly competitive.

Based on results from the research conducted, there are several limitations in this study. This study was conducted with a cross-sectional approach in the specific context of employees working from home in Indonesia, so the results of this study cannot be generalized to studies with different contexts and times. In addition, the data collection method via questionnaires was distributed to respondents to be filled out on a self-rate basis so that the research results were not free from the possibility of self-report bias in filling out the questionnaire items contained in the study.

Findings from this study also suggest that demographic profiles of respondents in this study tend to...
be homogeneous and centered on specific group categories, which might affect the research’s overall results. With more than half of the respondents are coming ICT industry which works from home are frequently implemented even before the pandemic hits, most of the respondents have already adapted to the new ways of working and with the autonomy itself. In addition to that, the ICT industry is one of the industries which encourages innovation to develop products and services, making the influence of respondents coming from this sector even stronger in affecting the result. Besides the working sector, the educational background of most respondents also might affect the result of this study. With most of the respondents holding bachelor’s degrees in minimum as their educational background, they might already used to think innovatively in performing their work, thus might affect the result of this study.

4. CONCLUSIONS

This study shows that a high level of job autonomy has a positive and significant effect on work engagement and innovative work behavior. In contrast, work engagement is a significant driver of innovative work behavior and partially mediates the positive effect of job autonomy on innovative work behavior. Findings from this study highlight the significance of job autonomy and work engagement to increase employees’ innovative work behavior in work from home situations in Indonesia. Future research might consider focusing on more diverse respondents in various work sectors and educational backgrounds so that in-depth analysis can be obtained from the research. Further research also can add and complement data collection methods in the form of surveys conducted by this research with data collection methods in the form of interviews, focus group discussions, or other data collection methods so that the information obtained can more accurately explain the main research topic and minimize the possibility of bias in research result.

REFERENCES


The Effect of Perceived Organizational Support on Flexible Working Arrangement and Task Performance: The Mediating Role of Organizational Commitment

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ABSTRACT
The Covid-19 Pandemic affects the way of working in Indonesia that forces the banking industry to adjust its leading service while ensures employees finish their task-performance well by giving them the support they need. This research examines the effect of employees' perceived organizational support on implementing flexible working arrangements and its impact on task performance through organizational commitment. This research uses a quantitative research design through primary data collection, collecting 361 data at PT. Bank X. Then, the data is analyzed with Structural Equation Modelling (SEM) to test the overall construct of the research model. The results indicate that perceived organizational support has a significantly positive effect on the flexible working arrangement, and therefore reinforces organizational commitment, then as a sequence impacts task performance. Finally, these results suggest that PT. Bank X continues implementing flexible working arrangements by creating a permanent company policy that leads to higher organizational commitment after the pandemic and gives more supporting tools to help employees finish their task performance. This research can help companies in the same type of industry to implement flexible working arrangements and increase their employee task performance.

Keywords: perceived organizational support, flexible working arrangement, task performance, organizational commitment.

1. INTRODUCTION
According to the PWC research work from home (WFH) method is the most common policy implemented in many organizations to cope with the pandemic situation. According to a PWC report, 50% of leaders from Indonesia make the work from home method the main policy for an employee to work during this pandemic [11]. According to Maxwell, Rankinne, Bell, MacVicar [1], and Lewis [12], work from home itself is one of the Flexible working arrangement types, organization is forced to adopt this to comply with governance rules and to help stop the covid-19 pandemic. This pandemic also forces the banking industry, including PT.Bank X to accelerate their digitalization [4] and adopt a flexible working arrangement policy.

PT.Bank X is a state-owned company that has been established for a decade and has already passed many changes in the political and economic environment since its establishment, as a banking company itself involve highly on people interaction between banking employees and their customer in order to deliver their main services, as it is a service industry that also highly regulated. The pandemic and digital mindset growth force PT. Bank X to adjust its main service while ensuring its employees keep performing. To maintain company performance, the organization needs to come out with the right policy that supports their employee performance.

To support their employee performance, PT.Bank X tries to implement flexible working arrangements, to do so, the first organization needs to bring out this policy formally and create the protocol and all necessary support
that their employees need. By formally placing the flexible working arrangement policy, the employee will perceive the organization supports them. This perception that comes to employees is known as perceived organizational support. Rhoades and Eisenberger [3] found that positive perceived organizational support will help an organization to easily implement their company policy due to their employee good and positive perception of their organization.

The main issues after a flexible working arrangement policy are in place is, that there is only a small direct impact on performance [5]. Meanwhile, PT.Bank X needs to keep their employee productive by doing their task performance; the employee needs to show an effort to achieve their task to do to finish the job they have been given [2, 13]. With only a small direct impact from establishing a flexible working arrangement policy to performance, a mediating variable is needed to strengthen it. The flexible working arrangement itself know to have a strong effect on increasing organizational commitment [7]; employees feel with a flexible working arrangement policy in place, will help them to feel more appreciated and feel being acknowledged by the organization so they will have a stronger commitment to their organization. A previous study from Bal and De Lange [8] on organizational commitment can moderate organization human resources (HR) policy to employee performance.

With the need for good employee task performance, PT.Bank X needs to place a flexible working arrangement policy and give all the necessary support that their employee will perceive as a good and positive perceived organizational support, with good perceived organization support will effectively help PT. Bank X to implement their flexible working arrangement policy, this will cause an improvement in employee organizational commitment [8] and then finally give impact employee task performance.

The first section of this paper highlights the emergence of work from the home policy as one of the main working policy options for organizations to cope with the Covid-19 pandemic and how perceived organizational support would affect the implementation of flexible working arrangements and task performance with the mediating role of organizational commitment on PT.Bank X employee. In the second section of this paper, a literature review of perceived organizational support, flexible working arrangement, organizational commitment, and Task Performance is explained, including the development of hypotheses this study proposed. The third section describes the research methodology: population, sample, data collection technique, and measurement of the variables in this study. In the fourth section, the findings and results of the study are discussed, while the last section describes the conclusions, limitations, and recommendations for future research.

1.1 Perceived Organizational Support

Rhoades and Eisenberger [3] define perceived organizational support as the general belief felt by employees that the organization where they work appreciates their contributions and welfare of employees. Perceived organizational support is also defined as the form of organizational readiness to appreciate their employee which can be in financial form or non-financial form that can improve employee welfare [6].

In previous research, perceived organizational support will help an organization easily implement any organization policy [3, 6]; this comes from the emergence of positive perceptions that employee believes about their organization. This perception comes into employees' minds after seeing and feeling the acknowledgment from the organization they are working for and open communication between organization management and their employee [13]. Previous research also found perceived organizational support capable of positively increasing employee performance in the organization [13].

1.2 Flexible Working Arrangement

The definition of flexible working arrangement is defined as any kind of policy that formal or informally permit employees to choose where and when they do their work [1]; it means that a flexible working arrangement gives flexibility to the employee in how they have done their job. Other studies also define a flexible working arrangement as a policy or organizational practice that gives the employee the flexibility on how and when a job has been done that differs from any conventional way of work [11].

Flexible working arrangements, in general, include flexi-time, work from home, teleworking, part-time, and any other policy that involves the flexibility to do a job [1, 12]. According to Baruch, flexible working arrangements will be able to implement if there is support given to employees, including IT support such as laptops, integrated systems, and easy access to company sources for data [15]. As the flexible working arrangement is one of the organization's policies, it will be effective if the organization acknowledges this policy to be implemented and gives the support needed to make sure this implementation runs well.

Relationship between perceived organizational support and flexible working arrangement

As the flexible working arrangement is one kind of policy, it can only be implemented if there is support from the organization; Maxwell et al. suggest that support from the organization is highly needed to implement
flexible working arrangements [1]. On the other hand, Rhoades and Eisenberger strongly believe that perceived organization support will help the organization deploy and implement any kind of policy [3]. Baruch also enforces organizations to support their employees with the tools they need to do their job from anywhere they choose to do their task to do, including IT support from the organization [15].

Thus, the hypothesis proposed in this study is H1: Perceived organization support has a direct and positive relationship with the flexible working arrangement in PT. Bank X.

### 1.3 Task Performance

Koopmans, Bernaards, Hildebrandt, Schaufeli, De Vet Henrica, and Van Der Beek explain work performance with four domains: task performance, interpersonal performance, and downtime behavior destructive behavior [2], in this study Koopmans, explain that each domain can be measure independently. This research focuses on Task performance, defined as a set of skills or competencies that employees have to accomplish their main job [2]; Pradhan and Jena describe task performance as employee behavior that affects their way of working directly or indirectly [14].

A study by Kattenbach, Demerouti, and Nachreiner, is trying to prove the connection between flexible working arrangements to task performance and found out that there is no significant effect of flexible working arrangements on task performance [5].

### 1.4 Organizational Commitment

Allen and Meyer define organizational commitment as an intention from employee to stay in an organization where they belong at that time [10], this intention comes from three aspect that drives organizational commitment, first affective commitment is a commitment that occurs because of comfortable feeling that a person or employee feels to their organization, the second is continuance commitment a commitment that occurs due to employee believe of return of investment they will get from the organization as a recognition of their achievement, and third is a normative commitment a commitment that occurs from social beliefs about what is right or not.

A study by Bal and De Lange found out that organizational commitment is capable of strengthening the effect of any HR policy being in place on employee performance, including task performance [8].

Thus, the hypothesis in this study is H2a: Flexible working arrangement has a direct and positive relationship with organizational commitment in PT. Bank X employee

### 2. METHODS

#### 2.1 Research Design

This research was conducted in 2 stages: pre-test and main test. The pre-test stage was carried out on 29 respondents to test the validity and reliability of the instruments used. Then the main test is carried out to obtain the main data, which will later be analyzed in-depth to find out how the relationship between each variable.

This research was conducted through primary data collection using a quantitative research design, and the data were collected online using Google Form. In addition, this study uses a single cross-sectional design method, which means that data collection is carried out once for each sample taken (Cooper and Schindler, 2014). The target population in this study is permanent employees in PT Bank X from all of PT Bank X head offices and regional offices across Indonesia. 379 people participate to become respondents in this study, but only 361 people meet the criteria of the research sample. This data is analyzed using structural equation modeling (SEM) to test the overall construct of the research model.

#### 2.2 Measurement

Three self-report instruments were used to measure variables in this research, with a seven-point Likert scale ranging from 1 = strongly disagree to 7 = strongly agree were used in all measurement instruments in this study.

The instrument used to measure Perceived organizational support is measured using the short version of the survey of perceived organizational support instrument developed by Eisenberger et al. (1986); Rhoades and Eisenberger (2002) with eight indicators, Cronbach alpha for this instrument is 0.651. Sample questions are "The organization values my contribution to its well-being," and “The organization takes pride in my accomplishments at work.”

The FWOQ is used to measure flexible working arrangements, which consists of 11 questions developed by Albion (2004). Cronbach alpha for this instrument is
0.525, and sample questions are “Flexible working arrangements help me balance life commitments,” “Flexible working arrangements enable me to focus more on the job when I am at the workplace.”

To measure organizational commitment, this research uses the Allen and Meyer organizational commitment survey developed by Allen and Meyer (1990) with 24 indicators with Cronbach alpha is 0.908, and the sample question is “I would be happy to spend the rest of my career with this organization,” “it would be very hard for me to leave this organizations event if I want to,” “I was taught to believe in the value of remaining loyal to the organization.”

For task performance, the measurement used the IWPQ instrument dimension of task performance developed by Koopmans (2014) with seven questions and Cronbach alpha 0.899. The sample of questions is “I can make a planed to do my job so it will be done,” and “I always set a goal to achieve.”

The result from the pre-test that was calculated using SPSS 22 shows that all four instruments were valid and reliable to be used in the main test with no indicator being taken out.

3. RESULTS AND DISCUSSION

Data collection was conducted between April – Jun 2021. The majority of sample from 361 respondent are female (n =204; 56.51%), age between 26-30 years old (n =85; 23.35%), has been working in PT.Bank X for more than 10 year (n =191; 52.91%), had bachelor degree (n =300; 83.10%), job position as assistant manager (AMGR) (n =184; 50.97%) Respondents also consist from regional office and headquarters.

Table 1. Demographics of respondent

<table>
<thead>
<tr>
<th>Profiles</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>157</td>
<td>43.49%</td>
</tr>
<tr>
<td>Female</td>
<td>204</td>
<td>56.51%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-25</td>
<td>20</td>
<td>5.54%</td>
</tr>
<tr>
<td>26-30</td>
<td>85</td>
<td>23.55%</td>
</tr>
<tr>
<td>31-35</td>
<td>80</td>
<td>22.16%</td>
</tr>
<tr>
<td>36-40</td>
<td>35</td>
<td>9.70%</td>
</tr>
<tr>
<td>41-45</td>
<td>74</td>
<td>20.50%</td>
</tr>
<tr>
<td>&gt;45</td>
<td>67</td>
<td>18.56%</td>
</tr>
<tr>
<td>Years of employment</td>
<td>38</td>
<td>10.53%</td>
</tr>
</tbody>
</table>

3.1 Measurement model analysis

This study used Lisrel 8.8 program to analyze both measurement and structural models. Table II below shows the standardized loading factor (SLF), construct reliability (CR), and average variance extracted (AVE) for each variable in this study. According to the results presented in Table 2.

Table 2. Reliability Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>CR</th>
<th>AVE</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible Work Arrangement</td>
<td>0.70</td>
<td>0.16</td>
<td>Reliable</td>
</tr>
<tr>
<td>Perceived Organizational Support</td>
<td>0.87</td>
<td>0.47</td>
<td>Reliable</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.89</td>
<td>0.27</td>
<td>Reliable</td>
</tr>
<tr>
<td>Task Performance</td>
<td>0.95</td>
<td>0.74</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Table 2 shows CR (Composite Reliability) and AVE (Average Variance Extracted) of the construct. The CR should be greater than 0.7 [9]; in this study, it ranged from 0.70 to 0.95, hence, acceptable. The AVE of the construct ranged from 0.16 to 0.74; some are not greater than the accepted value of 0.50 [9] but still can be accepted to be used since CR is still good [9].

Almost all variables also have met the validity criteria, having already passed the minimum requirement of 0.50 for the Standardized Loading Factor (SLF) [9].
this study SLF value of 7 perceived organization support (POS) indicator passed the requirement (POS1=0.87; POS2=0.90; POS3=0.78; POS4=0.84; POS5=0.92; POS6=0.86; POS8=0.81) while POS7 is only 0.25 but still be used because it’s still capable to measure perceived organizational support. For variable, flexible working arrangement, there are three indicators that have not passed the requirement but are still used due to the nature of the FWOQ that needs all of its indicators. For organizational commitment, all indicator has passed the requirement range from 0.50 to 0.78. while all task performance indicators passed the requirement.

3.2 Structural Model Analysis

Analysis of the goodness of fit for the research model is summarized in Table III below. Table III shows three indexes with poor fitness levels and one marginal fit level that doesn’t meet the minimum criteria of good fitness level, even after respecification adjustment on the Lisrel program. Although not all of the goodness of fit index in the model is considered as a good fit, the model is considered acceptable since it has already surpassed the minimum number of three of the goodness of fit indexes that reach the good fit level [9].

<table>
<thead>
<tr>
<th>Goodness of Fit</th>
<th>Structural Model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Benchmark</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>≤ 0.05</td>
</tr>
<tr>
<td>Standardized Root Mean Square Residual (SRMR)</td>
<td>≤ 0.05</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>≤ 0.05</td>
</tr>
<tr>
<td>Goodness-of-Fit Index (GFI)</td>
<td>≥ 0.90</td>
</tr>
<tr>
<td>Non-Normed Fit Index (NNFI)</td>
<td>≥ 0.90</td>
</tr>
<tr>
<td>Normed Fit Index (NFI)</td>
<td>≥ 0.90</td>
</tr>
<tr>
<td>Relative Fit Index (RFI)</td>
<td>≥ 0.90</td>
</tr>
<tr>
<td>Incremental Fit Index (IFI)</td>
<td>≥ 0.90</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>≥ 0.90</td>
</tr>
</tbody>
</table>

3.3 Hypothesis Testing

The structural model of this study is shown in Figure 1 below. The hypothesis is considered accepted if the t-value ≥ 1.64 [9]. Based on the result, employees strongly perceived organization support with the implementation of flexible working arrangements (t-values = 2.18). With flexible working arrangements in place, employees have a higher level of organizational commitment (t-values = 4.99) and, at the same time will do their best to do their task performance (t-values = 7.98). Employees will also show higher task performance if they have a higher organizational commitment (t-values = 12.82). The role of organizational commitment plays an important role in strengthening the relationship between flexible working arrangements and task performance among PT.Bank X employees.

Organizational commitment also proves to be significantly positive, moderating the impact of flexible working arrangements on task performance that has an indirect effect of 0.67, higher than if there is no organizational commitment as the moderating effect with only have line coefficient of 0.46.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Elements</th>
<th>t-value/ Z-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Perceived Organization Support \ Flexible Working Arrangement</td>
<td>2.18</td>
<td>Significant</td>
</tr>
<tr>
<td>H2a</td>
<td>Flexible Working Arrangement \ Organizational Commitment</td>
<td>4.99</td>
<td>Significant</td>
</tr>
<tr>
<td>H2b</td>
<td>Flexible Working Arrangement \ Task Performance</td>
<td>7.98</td>
<td>Significant</td>
</tr>
<tr>
<td>H3</td>
<td>Flexible Working Arrangement \ Organizational</td>
<td>12.82</td>
<td>Significant</td>
</tr>
</tbody>
</table>
This study finds that employees in PT. Bank X during a pandemic are more attached to the organization, it shows from the respondents answer strongly to stay in this organization at this time and keep their commitment to finish all the tasks given to them. Respondents also showed that organizations can still give more support than they already receive so far, such as more clear boundaries between work time and private time and more benefit allowance to help them work.

Discussion

Previous research has found a direct and positive effect of perceived organizational support on company policy, as Eisenberger (2002) suggests [6]. This study shows similar results in explaining how positive organizational support affects the employees’ acceptance level and willingness to comply with organizational policies. PT. Bank X has been able to create enough socio-emotional aspects and welfare for their employee, so implementing a flexible working arrangement policy is certainly accepted, especially with the pandemic that happens at the same time as this policy is being implemented. Results show that employees of PT. Bank X perceived the organization as able to give them the right policy and all the infrastructure needed in response to the pandemic situation by implementing a flexible working arrangement policy.

Results also showed the positive effect of perceived organizational support to flexible working arrangements has also developed a stronger and higher employee organizational commitment to PT. Bank X, according to the respondent, they choose to stay at this company and will not easily move to other organization. Respondents also show that they feel PT. Bank X’s policy to implement flexible working arrangements is a good move so they can be working with less worried about being infected by the COVID-19 virus.

The employee in PT. Bank X also shows their willingness to finish every task performance given to them by the organization. Respondents value flexible working arrangement policy by giving their best to apprehend every obstacle in order to finish their job. The result of this study answer previous research from Katzenbach, Demerouti, and Nachreiner that doesn’t find a significant effect of flexible working arrangement to performance [5] while in PT. Bank X employee it has a significant and positive effect. This showed that employees of PT. Bank X were still able to do their task performance while working from home.

Results also showed the mediating effect of organizational commitment that strengthens the relationship between flexible working arrangements and task performance. This research also supports previous research that said that organizational commitment is capable of strengthening any HR policy to increase performance [8]. This mean employee in PT. Bank X feels more committed to the organization after implementing a flexible working arrangement that brings more productive and strong will to finish their task performance.

The finding of this study also showed that in PT. Bank X employee, perceived organizational support have a significant effect to strengthen the implementation of flexible working arrangement policy and also to keep their task performance well, the mediating role of organizational commitment also help strengthen employee task performance from the implementation of flexible working arrangement in PT. Bank X employee.

The managerial implication of this study is to encourage PT Bank X to apply a permanently flexible working arrangement policy in the future event after the pandemic. PT Bank X to keep their support for their employee to keep the perceived organization giving the necessary support and acknowledging their work.

The limitation of this study is caused by unbalanced numbers to exactly represent each regional area because of different local cultures and local government policies that vary from one another. This study also captured more on the middle-lower management that might be different if it also includes the middle-upper management level. Further research might be considered if it happens after the pandemic with the same policy still in place and to include middle-upper management as the research respondent.

4. CONCLUSIONS

PT Bank X so far has been able to deliver suitable policy in responding to the Covid-19 pandemic that also follows government order and policy. The impact of the implementation of flexible working arrangements is to increase employees’ organizational commitment to PT Bank X, employees believe that organization will survive the pandemic, and that their welfare will be fulfilled from PT Bank X, employees also see organization support by deploying flexible working arrangement policy as a strong point to help them choose to stay and keep working wit PT Bank X. This encourages employees to stay productive and willing to do their task performance. In the end, PT Bank X’s goals to survive and also to keep all the job opportunities in the company so it can still provide sufficient work for their employees. This study also captured part of the local government’s policy in the Middle region that might be different from the other area in Indonesia. This shows that PT Bank X has been able to fulfill all the employees’ needs, which include their salary, security, and welfare. The PT Bank X employees are very satisfied with the company’s policy.

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REFERENCES


Design of Work Motivation Strategy as a Determining Factor of Work Goals for Embroidery Industry Employees in Tasikmalaya City
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*Corresponding author. Email: agdhikusuma@gmail.com

ABSTRACT
The purpose of this study was to determine the effect of work motivation and work environment in maintaining employee job satisfaction. The method used in this study is the causal method, with a research sample of 85 respondents and the analytical tool used in this study is multiple regression using SPSS version 25. The final result of the regression table shows that the relationship between work motivation, work environment and job satisfaction is positive and significant. Work motivation has a greater influence on job satisfaction. The results of this study indicate that employees who feel their motivation is low have more desire to quit.

Keywords: Work Motivation; Work environment; Job satisfaction.

1. INTRODUCTION
The development of the embroidery industry in Tasikmalaya can absorb a large number of workers, reduce unemployment and increase people's income, especially people in Tasikmalaya. Embroidery companies are very dependent on the productivity of their human resources which will produce quality products. But besides that, embroidery in Tasikmalaya cannot be separated from technological advances. The emergence of computer embroidery machines not only affects the development of the embroidery business but also affected manual embroidery craftsmen. When compared to manual embroidery machines, in the production process computer embroidery machines are much faster and more economical. This computer embroidery machine eliminates the need for manual embroidery craftsmanship. The creative industry is also affected. The development of this industry was observed to slow down caused by the decline in people's purchasing power, the consumer confidence index (IKK), and the closure of places to sell. Even though the economic situation in Indonesia declined in the middle of 2020, the creative industry, especially embroidery in Tasikmalaya City, still survives. The city of Tasikmalaya has a fairly good and diverse potential for MSMEs. One of them is the embroidery craft industry. Competition in the world of embroidery companies in the city of Tasikmalaya. The following data shows that embroidery companies are the largest companies in the creative industry of Tasikmalaya City.

Table 1. Recapitulation of the Industrial Potential Development of the City of Tasikmalaya

<table>
<thead>
<tr>
<th>No</th>
<th>Industrial commodity (superior)</th>
<th>Number of business units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Embroidery</td>
<td>1400</td>
</tr>
<tr>
<td>2</td>
<td>Processed food</td>
<td>561</td>
</tr>
<tr>
<td>3</td>
<td>Footwear</td>
<td>526</td>
</tr>
<tr>
<td>4</td>
<td>Furniture</td>
<td>214</td>
</tr>
<tr>
<td>5</td>
<td>Mendong craft</td>
<td>174</td>
</tr>
<tr>
<td>6</td>
<td>Bamboo craft</td>
<td>75</td>
</tr>
<tr>
<td>7</td>
<td>Batik</td>
<td>41</td>
</tr>
<tr>
<td>8</td>
<td>Geulis umbrella</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2998</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Cooperatives and SMEs of The Republic of Indonesia
From the table above, the number of embroidery industry business units in Tasikmalaya City occupies the highest position among other industries. This shows that the potential of the embroidery business in Tasikmalaya City is quite promising.

Companies are constantly investigating their business priorities and finding ways to provide more value to their customers, employees, and the communities in which they exist. Every entrepreneur is well aware of the importance of loyal customer satisfaction. However, not all employers understand the importance of creating satisfaction and loyalty at the employee level. Job satisfaction is also related to organizational performance. The case mainly occurs in the service industry, where dissatisfied workers often trigger the dissatisfaction of many customers [1].

Vecchio states job satisfaction as a person’s thoughts, feelings, and actions tendencies which are a person’s attitude towards work [2]. Managers can potentially increase employee motivation through various efforts to increase job satisfaction [3]. Based on a pre-survey conducted on 30 employees of the embroidery industry in Tasikmalaya City, it was found that there were still 50% of employees who were not satisfied with the pay received and promotion opportunities. However, employers, as well as directors/managers are trying to create a comfortable environment for their workers. Because almost all employees come from the same area. For this reason, although from a financial point of view, they are not satisfied, in terms of the employee environment - the embroidery employees in Tasikmalaya are quite comfortable. In addition, entrepreneurs also often motivate their employees to stay enthusiastic at work. So that employees can feel satisfaction at work, even though the income is not optimal. Based on this condition, the researcher is interested in doing research on this topic.

The purpose of this study was to determine the effect of work motivation and work environment in maintaining employee job satisfaction

2. METHODS

Respondents in this study were employees of the embroidery industry in Tasikmalaya City as many as 105 respondents. However, only 85 respondents can use it. This study only explains the general picture that how are the factors that affect employee job satisfaction. This study uses a convenience sampling technique to collect data. The dependent variable is job satisfaction and the independent variable is work motivation and work environment, and all of these items are measured using a scale [4], in which they use eleven questions to measure these variables. using the Likert scale (1 = strongly disagree and 5 = strongly agree)

3. RESULTS AND DISCUSSION

Table 2 describes the demographic data of the respondents, most of the respondents are male, 63 percent and 37 percent are female. Most of the respondents are under 40 years old (93%), 55 percent of the respondents are unmarried.

<table>
<thead>
<tr>
<th>Age</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>37</td>
</tr>
<tr>
<td>26-35</td>
<td>54</td>
</tr>
<tr>
<td>36-45</td>
<td>09</td>
</tr>
<tr>
<td>&gt;46</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>63</td>
</tr>
<tr>
<td>Female</td>
<td>37</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>45</td>
</tr>
<tr>
<td>Unmarried</td>
<td>55</td>
</tr>
</tbody>
</table>

In Table 3. Explains the calculation of the mean, standard deviation, and correlation of all variables used in hypothesis testing. To test the reliability of the variables using the Cronbach alpha technique. Cronbach alpha values for all variables (job satisfaction 0.770 > 0.70), work motivation (0.739 > 0.70), work environment (0.897 > 0.70), the results were significant at 0.70 and this level was recommended by (Nunnally, 1978) and this level was also recommended by (Ndubisi, 2006)

<table>
<thead>
<tr>
<th>Mean</th>
<th>SD</th>
<th>JS</th>
<th>Mtv</th>
<th>En</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS</td>
<td>3.04</td>
<td>0.955</td>
<td>(0.770)</td>
<td></td>
</tr>
<tr>
<td>Mtv</td>
<td>3.22</td>
<td>0.99</td>
<td>0.783</td>
<td>(0.759)</td>
</tr>
<tr>
<td>En</td>
<td>3.26</td>
<td>1.08</td>
<td>0.794</td>
<td>0.862</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

N=85,

JS=Job Satisfaction
Mtv=Motivation,
En= Environment
From the table above, the correlation between job satisfaction and work motivation, job satisfaction, and work environment is positively correlated at the level of 0.01.

Table 4 describes the regression analysis between the dependent variable of job satisfaction and the independent variables of responsibility, achievement, and security. The relationship between the dependent variable and all independent variables is significant. The regression equation is

Job satisfaction = + 1 (work motivation) + 2 (work environment

Table 4. Regression Analysis Results

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.339</td>
<td>0.131</td>
<td>2.581</td>
<td>0.011</td>
</tr>
<tr>
<td>Mtv</td>
<td>0.236</td>
<td>0.073</td>
<td>0.244</td>
<td>3.248</td>
</tr>
<tr>
<td>En</td>
<td>0.208</td>
<td>0.072</td>
<td>0.237</td>
<td>2.903</td>
</tr>
</tbody>
</table>

*** Dependent Variable: Job Satisfaction

The final result of the regression table shows that the relationship between work motivation and job satisfaction is positive and significant (β = 0.244, <0.05). The beta value of Work Motivation illustrates that if one unit of Work Motivation increases or decreases, job satisfaction will increase or decrease by 24 percent. This value is significant because it is lower than 0.05 so that (H1, work motivation has a positive effect on job satisfaction) is accepted. This study confirmed the findings of previous research [5], [6].

The relationship between work environment and job satisfaction is significant (β = 0.237, <0.05) this illustrates that if the work environment of one unit increases, job satisfaction will increase by 23.7 percent; (H2, work environment has a positive effect on job satisfaction) accepted. Our findings give similar results to previous studies [7], [8], [9].

4. CONCLUSIONS

The purpose of this study was to determine the effect of intrinsic motivation factors (work motivation, work environment,) on job satisfaction. The results showed that the intrinsic motivation factor was significantly related to employee job satisfaction.

Work motivation has a big effect on employee job satisfaction. The results of this study indicate that employees who feel their motivation is low have more desire to quit. While high motivation will increase employee satisfaction and performance and are less likely to quit, organizations can do this at a low cost.

This study shows a more consistent and stronger relationship between work environment and job satisfaction reported in previous studies. This study reflects that a higher work environment will involve employees in many diverse tasks and encourage their active participation in problem-solving. Organizations that focus on continuous learning, more job responsibilities, and problem-solving activities for employees will lead to decreased set-up time and increased employee engagement for process improvement. Which in turn expands the capabilities, knowledge, and skills of employees to improve the production of complex products.

REFERENCES

The Relationship between Job Satisfaction and Employee Performance

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ABSTRACT
This study investigates the relationship between job satisfaction and employee performance. To collect the data, this quantitative research distributed the survey to the 58 employees of PT. Chang Shin Reksa Jaya. The data was then statistically tested for linearity using SPSS 20. The result of the study showed the relationship between job satisfaction and employee performance and there was a linear relationship between job satisfaction and employee performance. This indicates that when employees are satisfied with the job, their job performance will improve. This study gives benefits in the development of applied theory that claims there is a linear relationship between job satisfaction and employee performance. Another practical benefit of this study is that the company needs to improve employee performance by evaluating the level of employee satisfaction.

Keywords: job satisfaction; employee performance.

1. INTRODUCTION
A company has purposes that need to be achieved. The objectives of the company are focused on business profitability, survival, and growth [1]. The business competition is now getting harder which requires each company to fight and thrive the business. To handle the competition, the companies should achieve their objectives effectively and efficiently. The way to achieve these objectives is to manage the available resources owned by the company. The management resources approach is comprised of man, machine, method, money, and market (abbreviated as 5M). Human is the most important element that determines the success or failure of a company. There is no single company that can survive and thrive without a human force that has managerial abilities and work ethic [2]. The roles of humans are being to be the workforce or employees that carry out the company activities [3] [4] [2].

The success of a company is determined by how well the company manages the human source effectively. The quality of the human resource is an essential factor in achieving the company’s goals. Therefore, the company must improve employee performance to ensure that the set objectives are always achieved [5] because a successful and effective organization comprises people with excellent employee performance [6] [3].

Performance is the indispensable element of the company [7] because employee performance will give significant effects on the company. The improvement of employee performance will increase the company’s growth and survival amid an unstable business environment and competition [7]. Employee performance can be measured by: (1) work result, (2) work process, and (3) work attitude [1]. The setting of this study was carried out in PT. Changsin Reksa Jaya in Ciburial Village. The following table shows the type of occupation of people in Ciburial Village as seen in the following Table I. The changes in data of occupation in Ciburial Village (Monographic Data in Ciburial Village).

Table 1. The changes data of occupation in Ciburial Village (monographic data in Ciburial Village)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmer</td>
<td>713</td>
<td>650</td>
<td>550</td>
<td>170</td>
</tr>
<tr>
<td>Farmworker</td>
<td>1853</td>
<td>1725</td>
<td>1514</td>
<td>163</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>19</td>
<td>23</td>
<td>50</td>
<td>248</td>
</tr>
<tr>
<td>Private Employee</td>
<td>105</td>
<td>250</td>
<td>375</td>
<td>1276</td>
</tr>
</tbody>
</table>
The table above shows the people’s job in Ciburial Village. The number of people who work in the private sector are increasing every year. This implies that PT. Chang Shin Reksa Jaya has a high interest in work as they have hired a lot of workers.

PT. Chang Shin Reksa Jaya is a company in shoe manufacturing located in Leles Street No. 134, Ciburial, Garut. It was established in 2014. Recently, it has had many workers and has hired people surrounding Ciburial village.

Several factors are used as indicators to improve job performance including job satisfaction. Therefore, job satisfaction is an essential factor that should be maintained to improve job performance [7]. Job satisfaction can be defined as one’s attitude toward the job which can be felt from the appreciation that the employees receive [8] [9]. Job satisfaction is the key to increasing employees’ morality, discipline, and achievement to support the company objectives [10] [11].

Previous studies have investigated this issue which claimed that there were positive and significant relationships between job satisfaction and employee productivity [12]. The employee with high job satisfaction was likely to be more committed and highly dedicated to the company. Besides, they can work harder and be more productive [13]. On the other hand, employees with low job satisfaction tended to do turnover and were less disciplined and productive [15]. Once job satisfaction is achieved, the job performance in the company will level up [16].

Based on the explanation before, the researchers are interested in conducting the research under the title, “The relationship between job satisfaction and employee performance.” The research problems that have been formulated are (1) Is there any relationship between job satisfaction and employee performance? (2) To what extent does job satisfaction relate to employee performance?

2. METHODS

This study is qualitative research in which there are two variables namely the independent variable and dependent variable [28] [17]. Quantitative research methods are research that uses numbers as data that will be analyzed [29] [17].

The independent variable is job satisfaction (X) and the dependent variable is employee performance (Y). Therefore, the formulated hypotheses are

H₀: There is a relationship between job satisfaction and employee performance in PT. Chang Shin Reksa Jaya.

H₁: There is not any relationship between job satisfaction and employee performance in PT. Chang Shin Reksa Jaya.

Population is a generalization area as the objects or subjects studied that have certain qualities and characteristics determined by the researcher to be studied and then to be drawn the conclusions [30] [23].

The sample in this study was the entire employees of PT. Chang Shin Reksa Jaya. The sample is part of the population taken in the research. Meanwhile, a sample unit is an element or group of elements that become the sample base [31] [7]. The total of the sample was calculated by using the formulation, \( N \geq 50 + 8i \) (i is the amount of independent variable) [32]. Based on the calculation of sample formulation, the sample involved in this study was 58 employees of PT. Chang Shin Reksa Jaya.

Survey was used as a research instrument in collecting the data. In the survey study, the respondents were given a questionnaire or interview. The interview result was then recorded, made the transcript, and analyzed [33] [3]. The scale used in the questionnaire was the Likert Scale. It is the scale used to measure individuals or groups’ attitudes, opinions, and perspectives concerning social phenomena [34] [2]. The provided answer options in the questionnaire consisted of 5 scales; strongly agree, agree, somewhat agree, disagree, and strongly disagree. The 5 points Likert scale is displayed in the following table 2.

![Table 2. Likert Scale Instrument](image)

<table>
<thead>
<tr>
<th>No</th>
<th>Answer Options</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strongly Agree</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Somewhat agree</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Strongly disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

The respondent criteria decided are males and females aged from 18 to 35 years adjusted to the minimum age requirement in job recruitment of PT Chang Shin Reksa Jaya and to productive working age. Another criterion is the length of work to find out employee satisfaction in PT Chang Shin Reksa Jaya as seen in the following Table 3. Respondent Characteristics.

![Table 3. Respondent Characteristics](image)

<table>
<thead>
<tr>
<th>Profile</th>
<th>Criteria</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Male</td>
<td>10</td>
<td>17.2%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>48</td>
<td>82.8%</td>
</tr>
</tbody>
</table>

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3. RESULTS AND DISCUSSION

Referred to the data above, the signature value of job satisfaction > α, therefore, the data were normally distributed. On the other side, the significant value of employee job < α, then the data was not normally distributed. In conclusion, the data was not normally distributed because one of the main data was not normally distributed as seen in the Table 4

Table 4. Normality Test

<table>
<thead>
<tr>
<th></th>
<th>Kolmogorov-Smirnov*</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>df</td>
<td>Sig.</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.058</td>
<td>0.200</td>
</tr>
<tr>
<td>Employee performance</td>
<td>0.110</td>
<td>0.080</td>
</tr>
</tbody>
</table>

Basically, job satisfaction relies on individual perceptions over what they feel on their jobs [17]. Job satisfaction will lead to an increase in performance at the workplace. Employees who are satisfied with their job in an organization will work more effectively so that their work productivity will increase [18] [2]. Job satisfaction will bring benefits to the organization in terms of effectiveness, commitment, and loyalty [3].

Job satisfaction can be defined as general attitudes towards the jobs. Varied employee attitudes will reflect their positive and negative feelings in their jobs and their hopes in the future [15]. It is an emotional attitude that shows their interest and feeling in the jobs. This attitude is reflected by their job morality, discipline, and job achievement [4] [2]. Job satisfaction is derived from a person’s job assessment or experience [16]. It is also employees’ evaluation of job characteristics, job environment, and emotional experience in the workplace [20] [21].

Job satisfaction can be measured according to several indications as explained in the following:

1. Job Description shows the actual job descriptions and regulations of the jobs. The employee will satisfy if the work assignment is tempting and can offer the opportunity to learn and to accept responsibility.
2. Supervision, is attention and communication given by the employer to workers. Good supervision will make employees feel that they are an important part of the company. This condition will increase employee satisfaction. Contrarily, poor supervision will improve turnover and the absence of the employee.
3. Organization and management, relates to how well the company can give stable working conditions to give satisfaction to the employee.
4. Advancement opportunity, the company provides workers the opportunity to gain experience and to improve their abilities. This will satisfy them towards their jobs.
5. Salary or incentives, is the amount of money that should be paid to the employees. Appropriate and fair salaries or incentives will lead to high employee satisfaction.
6. Work Colleague, supportive and compassionate coworkers will create a comfortable work environment that will increase job satisfaction.
7. Working condition is the condition that supports the jobs such as adequate facilities and infrastructure [22] [15].

Due to the data which was not normally distributed, the next test performed was the Spearman test. It was intended to test the correlation between two variables when the data were not normally distributed as seen on the Table 5

Table 5. Spearman Test

<table>
<thead>
<tr>
<th>Spearman's rho</th>
<th>Job Satisfactio n</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation Coefficient</td>
<td>1.000</td>
<td>.443</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>-</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td>58</td>
<td>58</td>
</tr>
</tbody>
</table>

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Based on the data obtained, the significance value was sig < α. Meaning that there was a relationship between job satisfaction and employee performance.

Linearity test is performed to find out the relationship form between the independent variable and dependent variable. The meaning of linearity is similar to a straight line. The result of linearity is based on:

- If the significance value is > 0.05, it can be said that there was a linear relationship between the independent variable and the dependent variable.
- If the significance value is > 0.05, then there was a linear relationship between the independent variable and the dependent variable.
- If the significance of the value is < 0.05, it could be concluded that there was no linear relationship between the independent variable and the dependent variable.

The following is the calculation result between the linearity test between job satisfaction and employee as seen in the Table 6

**Table 6. Anova Result**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>658.42</td>
<td>4</td>
<td>164.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linearity</td>
<td>303.09</td>
<td>1</td>
<td>303.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deviation from Linearity</td>
<td>555.33</td>
<td>3</td>
<td>18.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within Groups</td>
<td>381.80</td>
<td>2</td>
<td>190.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1240.2</td>
<td>24</td>
<td>51.69</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the data above, the significance value obtained was > 0.05. Therefore, it could be concluded that there was a linear relationship between job satisfaction and employee performance. It implies that if the level of job satisfaction is high, job performance will increase.

The success of an organization will be in line with an organization or individual performance within the organization [3]. Employee performance is deemed as a factor that affects and measures the positive contribution given to the organization [23]. Performance is the result of an employee’s work over a period of time towards targets that have been determined and mutually agreed upon [2]. Employee performance is the result of work in terms of quality and quantity achieved by an employee in performing his duties in accordance with the job responsibilities [24] [5]. Supposing that employee performance is associated with performance as a noun, then the notion of performance or employee performance can be a work result that can be achieved by a person or group within a company in accordance with the company's authority and responsibility to achieve company goals by not illegally the law and not contrarily violating morals and ethics [16]. Job performance is the result of work-related organizational goals and efficiency and other performances. [25] [7]. Work performance is the level of success achieved by the employees both in the quantitative and qualitative description that is by the criteria and measures set for each work [26].

Job performance can be measured by some dimensions. Four dimensions can be described as follows:

1. Quality, includes the level of error, damage, and accuracy
2. Quantity is the number of accomplished work
3. Time Management in the workplace, deals with the rate of absenteeism, effective working time, or lost working hours
4. Cooperate with others at work [27] [3].

### 4. CONCLUSIONS

After analyzing the theory and the results of this study, the researchers obtained the results to answer the problem formulation and to draw conclusions as follows:

Researchers investigated the relationship between job satisfaction and employee performance. Based on the results of research and data analysis, the authors concluded that there is a relationship between job satisfaction and employee performance.

Researchers would like to what extent job satisfaction relates to employee performance. Based on the results of the study, the authors conclude that there is a linear relationship between employee job satisfaction and employee performance, which means that the higher the level of employee job satisfaction, the higher the level of employee performance.

This study is the development of applied theory. This study informs that there is a linear relationship between job satisfaction and employee performance. The researchers expect that further research can develop this study in other variables.

**REFERENCES**


The Effect of Work Procedure on Work Consistency in Leather Creative Industry Sector in Garut

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*Corresponding author. Email: auliagina30@gmail.com

ABSTRACT
This study aims to investigate the effect of work procedure on the employee’s working consistency in the leather creative industry in Sukareang, Garut. To achieve the objective, the study utilized a causal research design on 30 respondents. The data were analyzed through simple linear regression with SPSS 25 application. The results showed that working procedures and consistency have a significant effect on the employees’ performances. This implies that creative industry employees did good and appropriate work procedures. This research offers benefits in the development of applied theory that the performance of employees in the creative fashion industry is influenced by the work procedures and consistency, either partially or simultaneously. This research also has practical benefits for businessmen to improve performance by always paying attention to the work procedures and consistency. The present study was conducted to fill the gap in the previous research. The novelty in this research is the simultaneous testing of the effect of work procedures and consistency. Further research may explore more on the dependent variables that are not listed in the present study.

Keywords: Consistency, Work procedures.

1. INTRODUCTION

The digital creative industry is a business industry that utilizes technology in running its business activities [1]. The creative industry has shown its significant contribution toward state revenue [2]. However, the development of the creative industry in Indonesia has faced several obstacles, including the problems of government regulation and protection, as well as the lack of technological knowledge and innovation of businesspeople [3]. Creative behavior has become a new demand in facing this competitive era. It has also been recognized that creativity is the main capital in facing global challenges in the 21st century [4].

The 21st century has allowed the development of digital technology to be increasingly competitive. Almost every aspect of life has been infiltrated by the digital and technology, including art. With these inevitable changes, global interaction is getting stronger [5]. In an attempt to improve the creative industry in Indonesia, the government has launched a blueprint for the “Indonesian Creative Economy”, a new economic concept that is oriented towards creativity, culture, cultural heritage, and the environment. The main foundation of the creative industry is developing Indonesia’s human resources, making the program become very significant compared to other production factors [6].

The government starts to view the creative industry as an alternative that can help improve the economic development of the country. Creative industries include 14 sub-sectors, namely advertising, architecture, art market, crafts, design, fashion, video, film and photography, interactive games, music, performing arts, publishing, and printing, computer and software services, television and radio, as well as research and development [7]. The creative industry is impacted by the revolution of technology and information, and the rise of the 5.0 industry, including in the fashion sub-sector [8]. Industrial activities must continue and achieve value to produce a performance that continues to run smoothly [9].

Based on the data from the Ministry of Industry of the Republic of Indonesia in 2016, the creative industry has contributed Rp. 642,000,000,000,000.00 or 7.05% of the total gross domestic product (GDP) of Indonesia [10]. In 2015-2016, the number of people working in the creative industry sector tended to increase from 15.96 million
The work procedure is a series of sequential work procedures which help show the flow of the work completion; where the work originates, where it is continued, and when or where it should be completed. In other words, the role of work procedures in a company is to provide clarity about a process that needs to be carried out.

Work procedures are also the detailed steps that are directed to achieve the desired results. In other words, work procedures can be interpreted as the details of the organizational mechanisms. There are several dimensions that are covered in the work procedures including efficiency, effectiveness, flexibility, consistency, and implementation. In the process of production, frequent delays or inaccuracies in the implementation of activities are often perceived to be the prominent ones. However, this problem can be overcome by good work procedures. In fact, by obeying work procedures, employee performance will increase. Therefore, companies need to create appropriate procedures. The principle of work procedures is a series of activities that are carried out repeatedly in the same way. An important procedure is designed by an organization so that everything can be done uniformly. The principle of working procedures is also a sequence of clerical work, usually involving several people in a section or more, arranged to ensure a similar quality of treatment toward the business transactions.

Creative industry can be defined as an industry whose main elements are creativity, expertise, and talent that has the potential to increase welfare [3]. The creative industry is also defined as an industry originating from the utilization of individual creativity, skills, and talents to achieve prosperity and create employment by generating and empowering the individual’s creativity and creative power [6].

In every industry, there are work procedures that have the following characteristics: 1) based on the field situation. 2) stable and flexible in making adjustments. 3) in accordance with the current development and situation that occur [13]. The new wave of the creative economy which was pioneered by the US and acknowledged for the first time in 1996 has helped an export sales value of 60.18 billion dollars (approximately Rp600 trillion) which far exceeded the exports of other sectors such as automotive, agriculture, and aircraft.

Consistency is a benchmark for evaluating employees’ performance. Consistency can be understood as a match between words and actions. "Consistency means that each individual tries to harmonize attitudes and behavior to make it look rational and consistent". This means that someone who is consistent has a fixed attitude, always trying to harmonize his words, attitudes, and behavior. Persistence in adhering to the principle is one of the behaviors of someone who has a good sense of consistency. A person who has certain interests and goals

<table>
<thead>
<tr>
<th>Details</th>
<th>Formal</th>
<th>Informal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business unit</td>
<td>75</td>
<td>342</td>
<td>417</td>
</tr>
<tr>
<td>Workforce</td>
<td>812</td>
<td>2,132</td>
<td>2,953</td>
</tr>
<tr>
<td>Investment (000RP)/year</td>
<td>404</td>
<td>1,710,000</td>
<td>2,114,000</td>
</tr>
<tr>
<td>Production value (000RP)/year</td>
<td>27,406,200</td>
<td>30,500,000</td>
<td>57,906,200</td>
</tr>
</tbody>
</table>

Table 1 shows that each year the leather-based fashion industry in Garut earned around Rp.57,906,200. Developing the tourism sector cannot be separated from the role of existing human resources, especially in the current era of globalization. However, if we look at the results of the preliminary observations, the educational background of the employees in this industrial center is generally junior high school level. This is closely related to competence in the knowledge dimension. In addition, the high turnover indicates that the job satisfaction of the employees is not optimal. This may lead to a problem since "employees who are satisfied at work greatly affect individual and organizational performance" [13].
will not succeed if he does not have a consistent attitude. A desire will not be directed to act as long as the person does not have a strong determination and have doubts.

This is in accordance with Sonia’s statement which says “the behavior of self-consistency can be seen in a person’s way of thinking, speaking, and behaving. He has a firm principle and of course corrective tendency”. Therefore, someone who is consistent will be firm to the principle, always tries to realize his goals, and is careful in acting [29]. Based on the information above, it can be understood that the consistency dimension is having determination that is aligned, appropriate, and firm. The person sticks to the believed principles to achieve the will, interests, and desired goals.[28]

The purpose of increasing competence and job satisfaction is to improve employees’ and company performance. Therefore, the researchers are interested in researching further on ”The effect of work procedures on work consistency of the employees in Leather Creative Industry, Sukaregang Garut” either partially or simultaneously. To be specific, this study aims to: 1) determine the effect of work procedures on the employee work’s consistency in the production division. 2) To find out the implementation of work procedures in every activity of the leather creative industry in Sukaregang Garut. 3) To find out the employee’s performance in the production division in the Leather Creative Industry in Sukaregang, Garut

2. METHODS

The research method is basically a scientific way to obtain the data with certain purposes and uses [16]. This research was conducted in one of the industrial shops in the leather creative industry, Sukaregang, Garut. This study tested the hypothesis regarding the effect of work procedures toward the employees’ working consistency in every activity in the aforesaid Industry. In this study, the researchers utilized a quantitative method using SPSS [19] where the dependent variable is "Consistency (Y)" and the independent variable is "Work procedures (X)".

Table 2. Variables

<table>
<thead>
<tr>
<th>Work Procedures (X)</th>
<th>Consistency (Y) [28]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency, Effectiveness, Flexibility, Implementation</td>
<td>Determination, uniformity, and appropriacy</td>
</tr>
</tbody>
</table>

The research hypotheses are formulated as follows:

H₀ : There is no effect of work procedures on the employees’ working consistency in every activity in the Leather Creative Industry, Garut.

H₁ : There is an effect of work procedures on the employees’ working consistency in every activity in the Leather Creative Industry, Garut.

The population in this study were 30 employees of the leather-based industry at Sukanggang Garut, from different divisions including marketing, production, and so on. The sampling technique used was the census method (survey). The sample size was determined in reference to the number of independent variables; the entire population which was 30 people was used as a sample.

The data collection technique used in this study was a questionnaire. The statement scale used was the Likert scale. The Likert scale is a widely used scale that asks respondents to mark the degree of agreement or disagreement toward each item in a series of statements about the investigated object. In this study, the obtained data were analyzed descriptively and quantitatively. For quantitative analysis, it was carried out using the SPSS (Statistical Product and Service Solution program).

The measurement scale used by the researcher was the interval that allows researchers to perform arithmetic calculations on the obtained data. The measurement has no real zero value. The measurement of consumer attitudes that are commonly used in marketing research is the Likert scale. The Likert scale is a scale that asks respondents to determine their degree of agreement and disagreement toward the perceived object. The degrees are arranged from strongly agree, agree, neutral, disagree, and strongly disagree [14].

3. RESULTS AND DISCUSSION

3.1. Measurement

3.1.1. Work Procedures

The working procedure of the leather creative industry in Sukaregang is categorized at a high level, meaning that the work procedures applied by several companies are good. Based on the results of data processing with Excel on 30 respondents, the average value of the work procedure variable in the creative industry of Sukanggang Garut is high. The Cronbach's alpha value obtained was 0.690. This shows that it has a high-reliability interpretation.

3.1.2. Consistency

Based on the result of processing data with reliability test using SPSS on Y variable, the average value of consistency variable (Y) is high. The value of Cronbach’s alpha obtained was 0.763 which shows the high-reliability interpretation.
3.2. Hypothesis testing

1. Analysis of the effect of work procedures on work consistency

The first testing was carried out as hypothesis testing intended to find out the significance of the regression coefficient. The second testing was performed to assure the significance of the regression coefficient (X variable influences on Y variable). The hypothesis testing was conducted by comparing the significant value and probability of 0.05 or t-observed and t-critical.

Table 3. Results

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Work Procedure (x)</th>
<th>Consistency (y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>52</td>
<td>95</td>
</tr>
<tr>
<td>2</td>
<td>56</td>
<td>102</td>
</tr>
<tr>
<td>3</td>
<td>40</td>
<td>74</td>
</tr>
<tr>
<td>4</td>
<td>55</td>
<td>100</td>
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<tr>
<td>5</td>
<td>55</td>
<td>101</td>
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<tr>
<td>6</td>
<td>57</td>
<td>104</td>
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<tr>
<td>7</td>
<td>56</td>
<td>104</td>
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<tr>
<td>8</td>
<td>60</td>
<td>111</td>
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<tr>
<td>9</td>
<td>57</td>
<td>105</td>
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<tr>
<td>10</td>
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<td>74</td>
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<tr>
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<td>63</td>
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<td>136</td>
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<td>29</td>
<td>29</td>
<td>58</td>
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<tr>
<td>30</td>
<td>30</td>
<td>60</td>
</tr>
</tbody>
</table>

Figure 1. Anova Results

Based on the significance value (sig) of the output above, the deviation from linearity significance value was 0.296, greater than 0.05, so it can be concluded that there was a significant linear relationship between variable X (work procedure) and variable Y (consistency). Based on the F value from the output above, the calculated F value was 1.330, smaller than the F table, 2.45. Thus it can be concluded that there was a significant linear relationship between variable X (work procedures) and variable Y (consistency).

In this study, the main hypothesis was that work procedures significantly influenced consistency (Ha). The test was carried out using the ANOVA table above. If the significant value was 0.00 < 0.05, then (Ha) was accepted. This implied that work procedures had a significant effect on work consistency. Based on the results of the analysis, the dimensions of work procedures that affected consistency were efficiency, effectiveness, flexibility, consistency, and implementation. This efficiency illustrated that the leather creative industry had contributed the efforts to balance the number of workers with the resulting production. In addition, effectiveness was described such working hours which were in accordance to what had been decided. The availability of leather product shops in several Sukaregang leather centers causes consumers satisfied to get the products they needed. Operating hours from early morning to late at night provided consumers with the flexibility to make transactions. The consumer was highly interested in Garut leather creative industry.

2. The analysis of work consistency effect on business activities in a leather creative industry of Sukaregang Garut.

The first analysis was conducted to determine the value of the regression coefficient of work procedure dimensions towards the consistency dimension. This analysis was used to determine how much work procedures (X) give influence consistency (Y). In simple linear regression analysis, the value of R Square or R2 contained in the SPSS output of the Summary Model section was used as the reference.
From the output above, it was obtained the R Square value of 0.315. This value implied that the effect of work procedures (X) on consistency (Y) was 31.5%, while 68.5% (100 - 31.5) of consistency was influenced by other variables which were not examined in the study. In this study, the main hypothesis tested was that work procedures and consistency significantly affect the activities of the leather creative industry.

In general, the formula for the equation of a simple linear function was \( Y = a + Bx \). To find out the value of the regression coefficient, we could see from the output above. “A” was a constant number of unstandardized coefficients and the value obtained was 14,794. This value was a constant number meaning that if there is no work procedure (X) then the consistent value of Consistency (Y) is 14,794. B was regression coefficient value obtained was 0.580, meaning that for every 5% addition to the level of work procedures, the consistent value of consistency was 0.580. Because the value of the regression coefficient was positive, it can be said that the work procedure had a positive effect on consistency, so the regression equation was \( Y = 14,794 + 0.580 \times X \).

Overall the results of this study argues that the effect of work procedures and consistency on the creative leather industry of business activities in Sukaregan Garut gives positive results, provides high attractiveness, and has proper working hours.

### 4. CONCLUSIONS

After analyzing the theory and the results of the study, the researchers could answer the formulation of the research problem with the following conclusions: 1. This study aims to investigate how much work procedures give an effect on the consistency of work. Researchers draw conclusions based on the results of data analysis, that there has been an effect in terms of efficiency, effectiveness, flexibility, consistency, and implementation. 2. This study is intended to see the effect of work procedures on consistency. This is a case study on employees of the leather creative industry. Researchers make conclusions based on the results of data analysis, that there is an effect of consistency on the activities of the creative leather industry. This research has the benefit of applying performance procedures to employees consistently to gain good work results.

### REFERENCES


Management Capacity Analysis of Higher Education in Indonesia

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ABSTRACT

Education is one of the sectors affected by the Covid-19 pandemic, where almost all educational institutions, ranging from primary to tertiary education in Indonesia, carry out unusual learning activities. This will not be a problem if the management capacity of tertiary institutions in Indonesia is ready to face these conditions. However, universities in Indonesia have problems in terms of providing teaching services, research, facilities, and other aspects. Realizing this condition, universities in Indonesia must reanalyze their respective management capacities. The study aimed at analyzing the management capacity of higher education in Indonesia. The research method used was a descriptive method with research samples involving 52 universities in Indonesia. Data analysis was carried out using SEM-PLS analysis techniques.

The results showed that the management capacity of universities in Indonesia was quite good, indicating that universities in Indonesia had a good enough ability to empower the resources and skills they have to achieve goals and meet the expectations of stakeholders. The management capacity analysis also showed that organizational capacity had a higher assessment than staff capacity in building higher education management capacity in Indonesia. The vision and mission used in higher education institutions in Indonesia were the indicators that received the highest assessment on the dimensions of organizational capacity in building the management capacity of higher education in Indonesia.

Keywords: Capacity Management, Organizational Capacity, Staff Capacity.

1. INTRODUCTION

Education is one of the sectors affected by the Covid-19 pandemic, where almost all educational institutions, ranging from primary to tertiary education in Indonesia, carry out unusual learning activities. This will not be a problem if the management capacity of tertiary institutions in Indonesia is ready to face these conditions. However, universities in Indonesia have problems in terms of providing teaching services, research, facilities, and other aspects. Realizing this condition, universities in Indonesia must reanalyze their respective management capacities. The study aimed at analyzing the management capacity of higher education in Indonesia. The research method used was a descriptive method with research samples involving 52 universities in Indonesia. Data analysis was carried out using SEM-PLS analysis techniques.

The results showed that the management capacity of universities in Indonesia was quite good, indicating that universities in Indonesia had a good enough ability to empower the resources and skills they have to achieve goals and meet the expectations of stakeholders. The management capacity analysis also showed that organizational capacity had a higher assessment than staff capacity in building higher education management capacity in Indonesia. The vision and mission used in higher education institutions in Indonesia were the indicators that received the highest assessment on the dimensions of organizational capacity in building the management capacity of higher education in Indonesia.
a big problem for colleges that have poor academic facilities or do not even have online academic facilities at all. The conditions that occur force the world of education to adjust the education system. In contrast, many universities have a low management capacity to provide teaching, research, adequate facilities, and other aspects to help adjust and improve the education system [4]. Management capacity is the ability an individual or organization has to empower and use resources to carry out performance [5]. Based on the definition of management capacity, it can be interpreted that the capacity of higher education management is the ability of universities to empower existing resources for performance purposes. In [6], Horton stated that management capacity is related to creating various conditions in which goals are made and achieved, including planning, setting goals, determining responsibilities, leadership, allocating various resources, motivating, and supervising HR and organization.

The current condition of universities in Indonesia has not been able to follow international standards; therefore, the quality of education in Indonesia has not been able to compete globally. This is illustrated by the underperformed achievement of higher education targets included in the Quacquarelli Symonds (QS) World University Rankings [7].

QS World University Rankings is an annual publication of university rankings conducted by Quacquarelli Symonds (QS). The QS system is comprised of global ranking subjects, along with five independent regions (Asia, Latin America, Europe, Central Asia, the Arab Region, and the BRICS). The number of tertiary institutions included in the world's top 500 is a performance indicator that illustrates the increasing quality of institutions. The number of universities targeted by the Ministry of Research, Technology, and Higher Education to enter the world's top 500 in 2019 is five universities. However, until now, there are only three universities are in the world's top 500, including the University of Indonesia (UI) with a ranking of 296, Universitas Gadjah Mada (UGM) with a ranking of 320, and the Bandung Institute of Technology (ITB) with a rank of 331[8].

In Indonesia, tertiary education institutions are not yet in the 50th or 100th position on the world scale. This condition illustrates that universities in Indonesia do not yet have a competitive advantage compared to universities globally.

The QS World University Ranking is another illustration that shows the same idea. Table 1 of ASEAN QS World University Ranking in 2018 shows that two Indonesian universities occupy positions in the top 10 ASEAN QS world universities, including the University of Indonesia in position eight and ITB, which is in the last position with the lowest score.

### Table 1. ASEAN QS World University Ranking in 2020

<table>
<thead>
<tr>
<th>No</th>
<th>University</th>
<th>Ranking</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National University of Singapore</td>
<td>11</td>
<td>Singapore</td>
</tr>
<tr>
<td>2</td>
<td>Nanyang Technological University</td>
<td>11</td>
<td>Singapore</td>
</tr>
<tr>
<td>3</td>
<td>Universiti of Malaya</td>
<td>70</td>
<td>Malaysia</td>
</tr>
<tr>
<td>4</td>
<td>Universiti Putra Malaysia</td>
<td>159</td>
<td>Malaysia</td>
</tr>
<tr>
<td>5</td>
<td>Universiti Kebangsaan Malaysia</td>
<td>160</td>
<td>Malaysia</td>
</tr>
<tr>
<td>6</td>
<td>Universiti Sains Malaysia</td>
<td>165</td>
<td>Malaysia</td>
</tr>
<tr>
<td>7</td>
<td>Universiti Teknologi Malaysia</td>
<td>217</td>
<td>Malaysia</td>
</tr>
<tr>
<td>8</td>
<td>Chulalongkorn University</td>
<td>247</td>
<td>Thailand</td>
</tr>
<tr>
<td>9</td>
<td>Universitas Indonesia</td>
<td>296</td>
<td>Indonesia</td>
</tr>
<tr>
<td>10</td>
<td>Mahidol University</td>
<td>314</td>
<td>Thailand</td>
</tr>
<tr>
<td>11</td>
<td>Universiti Brunei Darussalam</td>
<td>319</td>
<td>Brunei Darussalam</td>
</tr>
<tr>
<td>12</td>
<td>Universitas Gadjah Mada</td>
<td>320</td>
<td>Indonesia</td>
</tr>
<tr>
<td>13</td>
<td>Institut Teknologi Bandung</td>
<td>331</td>
<td>Indonesia</td>
</tr>
</tbody>
</table>

Source: [9]

The ranking of Indonesian universities taken from the various versions above indicates that improving the quality of education is an urgent matter that must be considered. Existing deficiencies are exacerbated by the proliferation of private but low-quality education providers that absorb the growing demand for higher education. In 2017, only 65 institutions or less than 2% of all Indonesian tertiary institutions obtained the highest level of accreditation, while other institutions varied, and even many universities in Indonesia were not accredited at all. The problems faced are, of course, related to the teaching quality of the tertiary institutions, which is still low. This is reflected by the qualifications of lecturers at the university. They are expected to have an S2 (master) degree, but many universities employ teachers who graduated from the undergraduate level. Furthermore, research quality also reflected the teaching quality in the university. The productivity of publications in scientific journals of academics and scientists in Indonesia is still very low compared to several neighboring countries [10]. In addition, the quality of graduates, inadequate management structures ranging from funding, facilities, teaching materials, and others [11] are other problems the universities face. This makes the management capacity of tertiary institutions unreliable. Managerial capacity is formulated to reflect results-based management elements, namely mission, goals, performance criteria,
indicators, and targets that will affect performance [12]. During the last two decades, management capacity has always been a concern and is a critical matter in an organization [13].

The study aimed at contributing to universities in Indonesia in managing the management capacity of their universities.

1.1 Literature Review

All operations in any organization are limited in terms of capacity. Therefore, to achieve organizational goals, it is necessary to control capacity or management capacity [14]. Management capacity is the ability to empower and use resources and skills to achieve goals and meet stakeholder expectations [13]. The urgency of adapting fluctuating demand to current capacity is one of the most significant challenges managers face in any service industry ([15]. The purpose of management capacity is to increase organizational performance with the available resources [13]. Research on management capacity has a broad scope, where management capacity has the essence that how the system built can be applied effectively and efficiently in conditions of limited resources to meet demand. The problem of capacity management is one of the most challenging problems to deal with in the service industry in general [15].

Management capacity has several dimensions: financial management, capital management, human resources, managing for results, and information technology [16]. They also highlighted that management capacity has three dimensions that shape it: 1) financial management, 2) HR (Human Resources), and 3) IT. Other studies reveal the dimensions of capacity management consisting of:

1. Staff Capacity. It refers to the skills and experience of management staff

2. Organizational Capacity. It refers to policy procedures and frameworks that enable an organization to carry out and carry out its mandate and allow individual capacities to connect and achieve goals

3. Contextual Capacity. It refers to statutory policies, power relations, and social norms, all of which regulate the mandate, priorities, mode of operation, and involvement of citizens in various parts of society [17].

The same opinion [13] expressed that capacity is classified into several groups, namely individual capacity, group or team capacity, and overall organizational capacity. Individuals have abilities in the form of knowledge, skills, and attitudes. Individual capacity boosts organizational capacity so that when individuals leave the organization, the organization loses that individual capacity. When individuals share their knowledge, skills, and attitudes with others, this capacity will be embedded in group activities and processes, thus forming group capacity. Finally, organizational capacity is formed when individual, and group capacities are more broadly shared among organizations and intermixed with culture, strategies, structures, management systems, and operating procedures.

Management capacity is owned at various levels, starting from the micro-level: the individual; the meso-level: the organization; and the macro-level: the national institution. Figure 1. Capacity Level.

![Figure 1 Capacity Level](image)

Source: [13]

**Figure 1 Capacity Level**

Management capacity includes planning activities, setting goals, determining responsibilities, leading, allocating resources, motivating and supervising staff members, and maintaining relationships with stakeholders [13].

Figure 2 The Capacity Planning Model explains that planning activities in the context of management capacity are efforts made to ensure a balance between demand and the ability to meet these demands [14].

![Figure 2 Capacity Planning Model](image)

Source: [14]

**Figure 2 Capacity Planning Model**

According [13] suggested several steps in a management capacity, namely:

1. Observing the external environment to identify needs and opportunities for organizational change where political, social, technological, or economic changes can
drastically change the organization's goals, focus, and processes in a management capacity.

2. Assessing organizational strategy where the identification of capacity management is best made within the framework of organizational strategy where when the organization looks at its external environment, it is necessary to reassess its mission, strategic objectives, and programs at scale.

3. Identifying the demand and capacity that is owned, wherein the management capacity will support the organizational strategy.

4. Seeking external support. There is a possibility that even with the best planning, the organization may not have sufficient resources to build the desired management capacity. Thus, external support is urgently needed. It could be support from institutions engaged in the same field.

5. Implementing and managing capacity, where management capacity is essentially the process of managing resources effectively.

6. Regular monitoring and evaluation of management capacity help organizations obtain information that can then be used to help readjust their activities.

2. METHODS

This type of research was descriptive verification. Descriptive research is aimed at describing the collected data as it is without intending to make generalized conclusions or generalizations. Therefore, the descriptive analysis in this study aimed at obtaining an overview of management capacity analysis at universities in Indonesia. The verification research in this study aims to measure how much the existing dimensions can explain the variables. The verification research used SEM-PLS analysis. The variable examined in this study is management capacity.

3. RESULTS AND DISCUSSION

3.1 Result of Decrptive Analysis

Overall, management capacity has dimensions of 1) staff capacity and 2) organization capacity, which can determine the position or size of its contribution based on the score obtained from the recapitulation of the variable dimensions of capacity management. Figure 3 Overview of Higher Education Capacity Management in Indonesia was obtained from the results of data processing that has been carried out by distributing research questionnaires to 52 universities in Indonesia.

Figure 3 overviewing higher education capacity management in Indonesia informs that based on the percentage, the dimension that received the highest score was organization capacity at 50.9% with an average score of 188.3. The second position with the lowest score is occupied by the staff capacity dimension of 49.1%, with an average score of 181.7.

Figure 3 Illustration of higher education capacity management in Indonesia

The results show that the dimension that has the highest assessment is organization capacity. This means that universities in Indonesia already have policy procedures and frameworks that allow universities to carry out their duties and allow individual capacities to connect and achieve goals. These results are consistent with [18], who outlined that capacity development sees how individual capacities can improve organizational progress at the organizational level. At the level of organizational capacity, individuals are the greatest assets and strengths, which, if empowered proportionally and professionally, can produce a high level of effectiveness for the organization. Overall, the concept of developing organizational capacity is associated with organizational change. The success of developing organizational capacity is always related to how substantial the changes are at the organizational level and even the system.

Based on the results of the data processing that has been carried out, the capacity management of universities in Indonesia can be measured through the scores on each dimension. The total score on capacity management is 2422, with an ideal score of 3380 for 13 statement items while looking for a continuum area that shows an ideal area of the response of universities in Indonesia to capacity management.

Maximum Score = Highest Score x Number of Item Items x Number of Respondents

Maximum score = 5 x 13 x 52 = 3380

Minimum Score = Lowest Score x Number of Item Items x Number of Respondents

Minimum score = 1 x 13 x 52 = 676

Finding the Interval Length:

"Score Each Level = "3380-676" / "5" = 540.8"

Determine the Percentage:
Based on Table 2, it can be seen that the highest score is in the indicator of leadership commitment in developing higher education (innovation leadership) with a percentage of 29.02%. These results indicate that most tertiary education leaders in Indonesia are highly committed to innovating at their universities. This indicates that innovation leadership is critical. As it is said by [20], innovation leadership plays a role in improving the quality of education and is one of the efforts for continuous improvement that can be done if there is the readiness to change. From the organization's perspective, tertiary education leadership has a critical position. The implementation of the role and duties of the leader will affect all aspects of life in the college, especially changes in innovation. The leadership usually carries out innovation leadership to improve the quality of education and greatly affects the quality of the higher education institution, so it is essential to know the role of the leader in carrying out their duties and obligations.

Currently, there are many innovations issued by higher education leaders, especially in dealing with a pandemic, including the University of Indonesia, which launched the CIL or Center of Independent Learning. At CIL, the students can take part in learning activities for three semesters outside their study program with a maximum of 20 chs/semester within the university, at other universities, and learning at non-university partners who collaborate with UI. The learning activities that the students in this program can do include student exchanges, internships, teaching at schools, research, humanitarian projects, entrepreneurship, independent studies, and actual work [21]. In addition, private universities have launched Guruvirtual.id, an interactive learning platform that can be accessed by students, lecturers, and the public [21] to improve the quality of learning. In contrast to others, The IPB, in improving the quality and management capacity in a pandemic, has issued a policy of accelerating the adaptation of lecturers to online learning to increase the capacity of lecturers to make distance learning more interesting [22].

The lowest score is found in the indicators of leadership and staff experience in managing academic business activities with a percentage of 22.28%. This shows that currently, the leadership and staff of tertiary education institutions in Indonesia have very little experience in managing academic activities. Overall the value shown in the dimension of staff capacity has an achievement percentage of 69.90% of the ideal score.

### 3.3 Description of Organization Capacity Dimension

Organization capacity is a policy procedure and framework that allows universities to carry out their duties and allows individual capacity to connect and achieve goals [17]. The capacity of management at the organizational level is the capacity-building process in
which individual capacity can improve the organization's progress. At the level of organizational capacity, individuals are the greatest assets and strengths, which, if empowered proportionally and professionally, can produce a high level of effectiveness for the organization. Overall, the concept of developing organizational capacity is associated with organizational change. This means that developing organizational capacity is always related to how substantial the changes are at the organizational level and even the system [18].

Table 3 Overview of Higher Education Organization Capacity Dimensions in Indonesia shows nine indicators to measure the dimensions of organizational capacity for policy procedures and frameworks implemented by universities in Indonesia.

Table 3 Overview of Organization Capacity Dimension of Higher Education in Indonesia

<table>
<thead>
<tr>
<th>No</th>
<th>Question Item</th>
<th>% Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University vision and missions</td>
<td>12.98</td>
</tr>
<tr>
<td>2</td>
<td>Autonomous and academic-free education and research program management</td>
<td>11.45</td>
</tr>
<tr>
<td>3</td>
<td>Facility availability relevant to research</td>
<td>10.91</td>
</tr>
<tr>
<td>4</td>
<td>University support in funding research</td>
<td>10.97</td>
</tr>
<tr>
<td>5</td>
<td>Governmental institution support in funding research</td>
<td>10.03</td>
</tr>
<tr>
<td>6</td>
<td>Industrial support in funding research</td>
<td>9.26</td>
</tr>
<tr>
<td>7</td>
<td>Regulation implementation in the management process</td>
<td>11.09</td>
</tr>
<tr>
<td>8</td>
<td>Organizational support to higher education</td>
<td>12.21</td>
</tr>
<tr>
<td>9</td>
<td>Impacts of university authority on the neighborhood</td>
<td>11.09</td>
</tr>
</tbody>
</table>

Based on Table 3, it can be seen that the highest score obtained is in the vision and mission indicators used by universities, with a percentage of 12.98%. These results indicate that universities believe that the vision and mission set by state universities is the most essential thing in developing organizational capacity. This is in line with [23] statement that the success of tertiary education's strategic plan and organizational capacity depends on the correct vision and mission formulation process. Vision and mission statements contribute to the creation of an organization's institutional identity. The mission statement introduces the organization to the public and sets it apart from other organizations by emphasizing the uniqueness of the organization's characteristics.

The lowest score was found in the industry support indicator in financing research with 9.26%. This shows that currently, the number of industries that directly contribute and support funding research conducted by tertiary institutions is still very minimal. Overall, the value shown by the organization capacity dimension has an achievement percentage of 69.47% of the ideal score.

3.4 Result of Verificative Analysis

1) Convergent Validity

Convergent validity consists of three tests: item reliability (validity of each indicator), composite reliability, and average variance extracted (AVE). Convergent validity measures how much the existing indicators can explain the dimensions. This means that the greater the convergent validity, the greater the indicator's ability to apply its dimensions.

a) Reliability Item

The reliability item is usually called the indicator validity. Testing of item reliability (indicator validity) can be seen from the value of the loading factor (standardized loading). This factor loading value is the magnitude of the correlation between each indicator and its construct. A loading factor value above 0.7 can be said to be ideal, meaning that the indicator can be said to be valid as an indicator for measuring constructs. Based on Figure 5 loading factor, the two dimensions of capacity management have a loading factor exceeding 0.7, so it can be concluded that both dimensions are valid in measuring capacity management.

![Figure 5 Loading Factor](image)

b) Composite Reliability

Cronbach's alpha and D.G rho (PCA) values above 7.0 indicate the construct has high reliability or reliability as a measuring tool. A limit value of 0.7 and above means acceptable, and above 0.8 and 0.9 means very satisfying ([24][25]: 19).

Based on the results presented in Table 4, the capacity management variable has very satisfying reliability.
c) Convergent Validity

Average Variance Extracted (AVE) describes the amount of variance that items can explain compared to the variance caused by measurement error. If the AVE value is above 0.5, it can be said that the construct has good convergent validity. Convergent validity show by Table 5.

Table 5 Convergent Validity

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Capacity</td>
<td>0.953</td>
</tr>
</tbody>
</table>

2. Discriminant Validity

A good discriminant validity will explain the indicator variable higher than explaining the variants of other construct indicators. Loading factor show by Figure 6.

Figure 6 Loading Factor

Based on the results of loading factors, staff capacity and organizational capacity are believed to be able to build Capacity Management variables as evidenced by a high correlation number; besides that, based on the results of loading factors, organizational capacity has a more significant contribution in building capacity management than staff capacity.

4. CONCLUSIONS

1. Analysis of management capacity at higher education in Indonesia using the dimensions of staff capacity and organizational capacity was conducted.

2. The analysis of management capacity that received the highest assessment, that is, organizational capacity with the highest indicators of vision and mission determination used by universities, indicates that the vision and mission formulated by tertiary institutions is a significant factor in building management capacity in tertiary institutions in Indonesia.

3. Based on the results of loading factors, organizational capability has a greater ability in implementing capacity management than staff capability at Higher Education in Indonesia.

REFERENCES


A Systematic Literature Review: University Strategic Management

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ABSTRACT
The purpose of this research is to get an overview of the strategies management implemented by universities to achieve university goals. Higher education is being modernized to effectively coordinate the education system into the worldwide instructive surroundings. Nevertheless, the lion's share of institutions’ administration these days shows a poor degree model of proficiency. This research utilized a systematic literature review approach to explore the concept of university strategic management and identified future research in university strategic management. The results showed that universities were particularly important for studying strategic management methods.

Keywords: Systematic Literature Review, University, Strategic, Management.

1. INTRODUCTION

Universities play an important part in the development of economic growth, now that it is the establishment of college maturation [1]. Universities’ key role in sustainably transforming society is through their power to teach and produce world leaders and their ability to undertake research activities to enable a sustainable future [2]. To achieve these goals, universities must make strategies to achieve them. As according Chandler, a strategy includes an organization's long-term goals as well as the usage and allocation of all resources necessary to attain these goals. Strategy is closely related to planning and achieving the future (goals). Various countries’ theories require colleges to cultivate mental development and administration within the worldwide society.

The advancement and utilization of a vital showcase procedure in college are the basic in accomplishing authority positions in picking up a toehold within the worldwide instruction industry and gaining the best position in scholarly world rankings. Certain institutions’ administrations are focused on fixing internal current challenges as a result of fast budgetary reductions, demographic decline, and extended organizational and management managerial reorganization [3]. Other colleges display a lack of capacity for adjustment and a low level of production, within the shape of onward improvement, imitate an abroad administrative involvement, and the key thoughts appeared by fruitful members in the showcase for instruction.

Due to a serious shortage of successful college key administration innovations and the wastefulness of customary calculations for embracing and executing vital choices pointed at expanding local college competitiveness around the world markets, it reinforces the showcase forms for managing college institutions. The explanations above are the reasons why this existed issue is exceptionally prevalent and noteworthy in current science and industry, and it solicits theoretical and practical comprehension.

By performing a comprehensive review of the existing literature on university strategic management and offering a conceptual framework for university strategic management, this research contributes to the current body of knowledge on university strategic management. The research analyzed the notion of university strategic management using a thorough literature review.

2. METHODS

The purpose of this research was accomplished via the application of the systematic literature review (SLR)
approach developed by [4]. The SLR was divided into four stages, as shown in Table 1.

**Table 1. Systematic literature review phases**

<table>
<thead>
<tr>
<th>No</th>
<th>Phase</th>
<th>Objective and methods used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Scope Formulation</td>
<td>Defining the scope of research to be in the bounds of strategic factors and company performance</td>
</tr>
<tr>
<td>2</td>
<td>Locating Studies</td>
<td>To locate studies, the following criteria were defined: Duration: 2012-2020. Electronic databases such as Scopus and Emerald were explored. Keywords: university strategic management.</td>
</tr>
<tr>
<td>3</td>
<td>Study Selection</td>
<td>Published research papers with the university strategic management, were selected.</td>
</tr>
<tr>
<td>4</td>
<td>Analysis &amp; Synthesis</td>
<td>Identifying the result of university strategic management research.</td>
</tr>
</tbody>
</table>

The SLR compiled a list of articles published in peer-reviewed journals between 2012 and 2020. Almost all research publications on university strategic management were accepted. Numerous databases, including Elsevier and Emerald, were utilized to conduct the literature search. This research only analyzed studies that discussed the application of strategic management methods and their use in universities. The original search used the terms strategic management and university. Various combinations of strategic management and university keywords were employed. This search returned 23 documents.

3. RESULTS AND DISCUSSION

Paula Hernandez-Diaz and colleagues [5] described creating a framework for measuring higher education achievement. This article lays the groundwork for the integration of performance indicators and accrediting systems in Latin American colleges. For all items, responses with a very high impression of performance aspect satisfaction predominated.

There were 70 documents involved in the study. Hernandez-Diaz said that The internal assessment user group was evaluated for empirical validation since they intervene for accountability, decision support, and improvement. However, It might be a research constraint. As a result, more study without this choice in the survey might be conducted.

A case study that investigates the role of middle managers at universities and how they see the necessity to become academic leaders. In ‘Understanding Governance at University, a group led by Inmaculada [6] reported that The department head’s viewpoint clashes with the university's typical features of power struggle, individual model, lack of control mechanisms, and lack of unity between components. The function of middle managers is portrayed as a management position in which there is frequently little room for action due to a lack of decision-making capacity.

The abilities gathered from participants are connected to departmental leadership as stated by [7], at the university level, with the connotations of the phrase educational leadership. According to the findings of this study, the expectations for the position imply that the department head must strive for more than just management processes. The report, which discusses possible inadequacies, might be used as a reference for the growth of research in other universities and nations. Because the study is a case study focused on a single institution, the results cannot be extended to the university as a whole.

Research from 70 Spanish colleges showed that the accessibility and utilization of IT arrangements for vital information administration gave an impact on the universities' execution in terms of scientific production. A group led by [8] reported that the creators created a conceptual system for investigating the impact of vital information administration built upon data innovation on an institution’s execution. They contend that how the express information is put away, utilized, and transmitted through the IT for strategic knowledge management put human capital acquisition, influencing, in turn, the universities’ performance.

450 employees were involved in the research. Some of their findings claim to confirm previous work on this topic: This impact is positive within the case of IT arrangements alluded to the framework of information gathering. These discoveries are reliable with those founded by [9], [10], and [11]. It was discovered that a few parameters that approximated the SKM based on IT devices capture access to IT assets rather than how the assets are used. Upcoming inquiries about may advantage from collecting data almost the employments of the IT arrangements for SKM. They suggest that examining this issue in the context of colleges using an authorized conceptual approach might pave the way for future research. Based on the comes about, they advise a few arrangements to make strides in the SKM within the colleges.

According to [12] reported on knowledge management in universities. Developing requests, cost increases, and constrained access make the community of college graduates consistent and basic. Universities with an applied epistemology may manage knowledge environments, resources, and socio-cognitive processes strategically. It is generally not suggested that community colleges be converted to state four-year institutions. It is worth noting that the North Central Association of Colleges and Schools has established a Task Force on Baccalaureate Education at Community Colleges.
According to [13] reported on variables affecting key administration of college trade hatcheries with analytic network process. New technology enterprises contributed greatly to economic progress by creating employment, profiting, developing new markets, and facilitating technical development. This study offered a decision-making strategy based on an analytic network process that may assist university business incubators management in understanding which elements have a substantial influence on university business incubators’ strategic management.

Future research should use fuzzy sets theory to study the interrelationships among criteria, as well as a fuzzy decision-making trial and evaluation laboratory and a fuzzy analytic network method to rank the criteria and sub-criteria. This is the first research of its type to evaluate the organizational capacities of academic schools/departments at all 39 Australian public institutions.

According to [14] reported on measuring organizational capabilities in the higher education sector. The higher education market has grown increasingly competitive for students, faculty, and research dollars. This is owing to improvements adopted by governments under the auspices of modern public administration, which emphasizes efficiency, effectiveness, and economy. According to the resource-based perspective, capabilities can provide potential sources of long-term competitive advantage.

The research involved 166 respondents. The findings potentially diverge from prior findings in this area: The findings are likely to support what most university administrators already know: excellent administration and coordination of research, teaching, and networking with key stakeholders are critical to success. However, the logical character of their results contradicts previous findings [15], who identified five general talents, some of which were cross-functional. The researchers admit that the instrument’s use of self-rated replies to closed questions may have resulted in respondent inaccuracy or biases owing to weariness, acquiescence, partitioning, or halo effects. Future research might potentially aim to improve the instrument developed in this study. It is proposed that future research might aim to improve the instrument developed in this study. Further study might address the challenge of managing university resources for the development of talents that create a persistent competitive advantage.

According to [16] noted that the term entrepreneurial college has been embraced by scholastics and people who set the plan to be pursued by the government to depict colleges that viably convey on their third mission contributing to the territorial economy at the same time. The Entrepreneurial College speaks to a specific inquiry about setting because of diverse levels of representativeness, responsibility, and responsiveness of diverse partners.

The research looked at 13 articles. The editors say that they wish to stimulate further growth of knowledge management research in the innovative environment of Entrepreneurial University, which is involved in teaching, research, and academic entrepreneurship. The special issue is the first attempt to give a full assessment and comprehensive overview of the current discussion. After creating and implementing a methodology to improve the visualization of strategic intellectual capital aspects, the function of intellectual capital in university hospital strategic management is highlighted.

According to [17] reported on examining components of intellectual capital to improve the accomplishment of key objectives in a college clinic setting. This paper is based on an action study about venture centering on the advancement of intellectual capital to hone for vital purposes in a real-life setting. Activity inquiries about intellectual capital inquiries have been seen as a bookkeeping commitment to unfurling a vital issue. The writing calls for extra in-depth case ponders.

There were 22 colleges and an open college clinic within the Emilia Romagna region individuals included within the consideration of this research. The ponder illustrates the significance of intellectual capital to progress the vital administration of a single organization. Vagnoni claimed that it appears how the organization’s pioneers and experts related to the subject, what is called intellectual capital, in hypothesis, is caught on, Talking about conceivable deficiencies, moreover, they noted that attempting to summarize in an analyst numerous distinctive aptitudes required might result in an impediment of the think about. The researchers fight that the demeanor towards intellectual capital innovations from the viewpoint of distinctive experts within the organization ought to be analyzed to recognize obstructions and/or facilitators of the utilize of intellectual capital by accountant/managerial-based occupations.

Reference [17] reported Since the late 1980s, the European university system has experienced dramatic upheaval, owing to structural changes prompted by the Bologna Process. As part of an overall management approach, universities must consider new intellectual capital management methodologies for recognizing, assessing, and valuing intangibles.

However, the intellectual capital maturity model is aligned with the third stage of intellectual capital research because it allows for the application and assessment of how the IC strategy works in practice to produce stakeholder value within the university setting. Instead of a new intellectual capital model, the intellectual capital maturity model might be regarded as...
a high-level strategy. They proposed that the intellectual capital maturity model provides a tiered framework for implementing a step-by-step transformation inside a university depending on its existing degree of intellectual capital management maturity and intellectual capital value generation dynamics. Future study should include empirical investigations in universities to generalize the usefulness of the intellectual capital maturity model and implementation guidelines.

According to [18] According to 'Information to Support Strategic Campus Management in Universities,' this study underlined the role of universities of technology in promoting innovation in order to enhance policymakers' attention to campuses. Four stakeholders were involved in the study. These findings, however, are confined to demonstrating congruence in the development of real estate plans rather than in their implementation. The team believes that future study should look at additional measurements that focus on the efficacy rather than the efficiency of this specific campus plan.

According to [19] reported on the adoption of balanced scorecard-based strategic management at a university library. The balanced scorecard began as an evaluation mechanism for company efficiency. A balanced scorecard is utilized successfully as a strategic management tool by libraries in many countries, but not in Ukraine. Strategic management based on a balanced scorecard has been effectively applied at the KPI Library, with 18 persons involved in the study.

According to [20] reported on Collaboration methods with various agents participating in the entrepreneurial and inventive ecosystem, for example, can be used to strengthen innovation efforts. The achievements of those innovative activities are important for legitimizing the role of entrepreneurial universities in society and contributing to the reduction of the impact of institutional gaps in emerging economies. The Mexican government has provided incentives to various international corporations in order to attract foreign investment.

There were four Mexican cases in the research. Aspects of the authors’ findings claim to corroborate previous studies in this subject: Since the publication of Clarks' book in 1998, there has been a major rise in research on the drivers, results, and main activities of entrepreneurial universities. Guerrero asserted that entrepreneurial colleges made important benefits to society by producing human capital, transferrable and marketable knowledge, and graduate/academic entrepreneurs. It was observed that this study has certain shortcomings that provide new research opportunities. Future study should look into various ways to assess the impact of varied degrees of collaborative/opportunistic behavior on the efficacy of public subsidies and the efficiency of innovation. Guerrero and colleagues proposed that future study investigate the impact of varied degrees of collaborative/opportunistic behaviors on the efficacy of public subsidies and the efficiency of innovation. The firms examined are located in cities with greater levels of corruption, which may affect the application/selection process for subsidies.

According to [21] reported on University quality management. The study sought to determine if university quality management systems address their primary processes, organizational levels, and various quality management concepts. The case studies appear to reflect the literature's emphasis on the integration of quality management in higher education. The study included three archetypal university case studies. Some of the findings were said to be a consolidation of earlier work in this sector. Indeed, this is consistent with earlier research based on an examination of both self-assessment and external assessments of internal quality management systems in Portuguese universities. However, quality management practice appears to convey a different tale, since several found constraints with quality management integration in the investigated universities. The team advised that future research should investigate how other institutions build their quality management systems and if implementation occurs in an integrated manner. Only those who are completely integrated will contribute to the overall improvement of university quality.

According to [22] reported on the application of the many knapsack problem to strategic management at a private Polish institution. The use of portfolio strategic position analysis methodologies in conjunction with the multiple knapsack problem to analyze a university's existing strategic position and potential for improvement was recommended. Even if quantitative evaluation is difficult in some circumstances, it speeds up analysis objectification.

1500 students participated in the research. Aspects of their findings were stated to support past work in this sector in which just the university department's attractiveness in the eyes of students was considered. Kuchta provided one technique to measuring the attractiveness of academic departments. The team recommended that its expansion be considered by integrating fuzziness and other types of modeling uncertainty and lack of understanding. More case studies, particularly from larger colleges, are most needed for future study.

According to [1] noted that The secondary school, which is the hub of college education, plays an important role in the organization and progress of the information economy. The creation of a vital college education occurred in the late 1970s, when two methods to vital selection became the most well-known. The study enlisted the participation of 36 pupils. Some of
their findings appear to call into question previous studies in this field: It was fair a
audit the particular methodologies of colleges, which portrayed the
arranged eagerly but did not provide a total picture of the
generally vital improvement of the college. He noted the
suggestions given by a bunch of Russian creators.

According to [23] described that the operational
level of human resource management forms and
operations contained four components: college
positioning, resource capabilities, harmonization, and
transformation. The open and private divisions and
instructive organizing can apply the models of key
human resources management for an unused college to
the conduct of the translational investigation. 1870
people were involved in the study. Aspects of the
researchers’ conclusions claim to confirm what was
previously known about this field: The committee
council of the college HR administration recommended
that driving a cutting-edge college in 2015 ought to
make the current faculty structure adaptable. The
discoveries were too in assertion with the explanation of
[24], who proposed that HR organizational structure
modifications should take the form of an HR trade
collusion.

According to [25] reported that the causal
connection between the constructs or latent variables
has been established in the second step using structural
equation modeling. A survey was done among colleges
offering engineering degrees that were associated with
various universities in various Indian states. There were
207 participants in the research. When discussing
potential changes, the data revealed that the process by
which technical colleges create their plans was a
significant predictor of a variety of aspects.

According to [26] reported that any organization that
expects to stay exceedingly competitive in this
progressively competitive time ought to center on the
viable execution of its performance management
system. The research was to propose an instrument for
assessing the usage of key execution performance
management strategies in open colleges in Uganda. An
observational list of execution performance
management was created from writing to encourage the
advancement of the assessment instrument. The study
had 30 people who participated. The generated tool was
found to need testing in private colleges and other
industrial groups in both developing and developed
countries Additional performance management
exercises that were not included in this apparatus ought
to be recognized from the writing to improve the
assessment apparatus. Karuhanga claimed that, most
crucially, they were driven to engage in the
improvement plan, hence enhancing employee
understanding of the strategic plan for target attainment.
Management should further work towards minimizing
the challenges of performance management
implementation.

According to [27] reported on best practices in the
conceptual framework of university strategic
management This chapter described an approach for
identifying best practices in university strategic
management The Telescope Network has used the
European Foundation for Quality Management
approach. The study involved 500 participants.

According to [28] reported on strategic quality
management in an internationalized university
department. Two initiatives launched by Australia’s
Labour Federal Government in 1990 had a substantial
and far-reaching influence on higher education in
general. Universities were pushed to become more
“entrepreneurial” and less reliant on federal financing.
This latter policy approach was bolstered even more by
a liberal government that dominated Australia for the
preceding decade, only to be deposed in November
2007. In 1995-1996, about half of its total students were
enrolled in the Bachelor of Business Studies degree
under the Open Learning Project, which permitted open-
entry — no prior studies were necessary. In accordance
with its quality strategy plan, the Syme School had
launched a series of teaching and research activities
meant to assure scholarship, relevance, and articulation
possibilities by the end of 1992. The study involved ten
employees.

According to [12] reported on knowledge
management in universities. Developing requests, cost
increases, and restrictions get to make the college
graduate consistent and basic. Universities with an
applied epistemology may manage knowledge
environments, resources, and sociocognitive processes
strategically. It was generally not advised that
community colleges be converted to state four-year
schools. It is worth noting that the North Central
Association of Colleges and Schools has established a
Task Force on Baccalaureate Education at Community
Colleges.

There were 18 members included in the research.
Their discoveries show up to affirm earlier work in this
range: Castells focuses on de Chardin’s Noosphere
concept, a worldwide rational environment, and
Gebser’s chronicled direction of social awareness from
‘archaic’ awareness to “integral” awareness. Both these
concepts propose that we live in a rational environment
characterized by large-scale support in rational life as
argued by Rooney.

4. CONCLUSIONS

Over the past three decades, the positive relationship
between management practice and university
performance has been generally recognized.
Universities are particularly important for studying how
strategic management methods such as performance management, salary and benefits, recruitment, talent management, and leadership development adapt to the evolving environmental context in which multi-stakeholder organizations operate. The impact of environmental factors on strategic adaptation is also recognized at a fairly broad and standard level rather than considering the increasing complexity of this important element.

REFERENCES


Collaborative Strategy in Small and Medium Industries

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ABSTRACT
This study examined the collaboration strategies that mediate the influence of the qualifications of SMIs managers, which include expertise, experience, education, and networking on company performance. The population of this study was small and medium industries supporting industrial clusters in one of the small industrial areas in the city of Bandung. There were 53 SMIs in the area. The number of samples observed with an accuracy of 5% were 23 companies, and in this study, 30 SMIs were investigated. The data were collected by distributing questionnaires and interviews to the SMIs owners or management. To get a profile about the owners of SMIs, categorization was carried out based on age, gender, length of business, and activity in associations. Questions on the questionnaire include skills, experience, education, networking, collaboration strategies, and company performance. The method used was path analysis, and it was found that expertise and networking have a significant effect on collaboration strategies and company performance. The influence of the skill variable with the communication indicator (X1) on the partnership strategy variable (collaboration) with the marketing network indicator (X11) directly is 32.4%. The effect of the networking variable with the business relationship indicator (X9) on the partnership strategy variable (collaboration) with the marketing network indicator (X11) directly is 14.7%.

Keywords: Small and Medium Industries, Collaboration, Company Performance.

1. INTRODUCTION

The growth of the processing industry in the 2015-2018 period, respectively, was at 5.05%, 4.43%, 4.85%, and 4.77% [1]. The momentum of growth in the processing industry positively received disruption in 2020 due to the Covid-19 pandemic. In the second quarter, the growth in the manufacturing sector experienced a contraction of 1.28% and could cause mass bankruptcy if it is not anticipated. According to [2], the COVID-19 pandemic has forced various business and industrial activities to close. The industry is faced with short-term challenges such as health and safety, supply chain issues, workforce, sales, and marketing. Success in facing various short-term challenges is also not a guarantee of a better business future because the world after the pandemic will be completely different from before.

SMIs, such as the supporting industry clusters, are affected by the pandemic covid 19. This is one of the ten priority industries programs of the ministry of industry. Supporting industry cluster is defined as industries that create goods and services, not for subsistence, but sold on the open market or any other industry to support the end product with a high added value [3].

According to its characteristics, SMIs in the supporting industry cluster in their business use a marketing strategy of industrial products or business to business (B2B). According [4], cooperation and social bonding play an essential role in establishing the success of B2B relationships. The duration and depth of the relationship have a significant effect in moderating the influence of inter-organizational or interpersonal relationships. The ability of SMIs to innovate in collaboration to seek new markets from market local to international flights into the characteristics that make a more rapid recovery after the crisis of 1998 SMIs [2].
Previous studies show a direct and positive correlation between innovation and the company's superior performance [5]. The ability to innovate is influenced by entrepreneurial abilities (including breadth of business insight, business experience, and positions in business), marketing abilities (managerial abilities), and ability to build relationships (communication) [6].

Previous research has primarily focused on marketing strategies for large companies, while research on the collaborative behavior of SMIs with B2B strategies is still very limited. For example, research by [7] on the potential for collaboration in SMI, [8] regarding collaboration between organizations and their impact on innovation, etc. This research examined the effect of collaboration strategies that mediate the qualifications of SMI owners on company performance. The qualifications of SMI owners are an adaptation of [9] and [6], which include variables of expertise, experience, education, and networking. The research was conducted on SMIs in supporting industrial clusters in Bandung, which in running their business use a B2B strategy.

Collaboration between organizations has received high attention in research and the practical world because of its influence on innovation in small and medium enterprises [8]. The ability to innovate directly affects company performance [6]. The collaborations commonly carried out by small and medium industries (SMI) are production collaborations, marketing collaborations, and knowledge and resources sharing [9].

According to [10] examined collaboration in SMEs for buying, making, or strategic alliance decisions. According to [11] mentions a strategy of collaboration happening among suppliers, manufacturers, distributors, and customers expected in an aim to (1) gain access to the market, (2) Enhance the value of product/services offered, (3) reduce risk caused by changes in the environment, (4) enhance an area of expertise, (5) gain new knowledge, (6) build cooperation with key customers and (7) gain resources that the company does not own.

Critical factors that influence success in building a network (collaboration) are (1) participant character (experience), (2) CEO support, (3) confidence, (4) dedication, (5) capability (expertise), (6) external relationship (Network), (7) intermediary and (8) information technology. According [12] found that the factors that influence the success of the collaboration between companies include mutual benefits, trust, and commitment.

The construct of collaboration strategy in this research is represented by production cooperation and marketing network. This study examined the effect of the owner/management of SMIs’ qualifications, including expertise, experience, education, and networking, on the partnership strategy (collaboration) and their effect on the performance of SMIs.

According to [6] found that the ability to innovate is influenced by entrepreneurial skills (including breadth of business insight, business experience, and positions in business), marketing skills (managerial skills), and relationship-building skills (communication skills). The need for expertise in building collaboration is also mentioned by [4; 12].

The construct of expertise in this study refers to [6] and preliminary research results in an industrial area in the city of Bandung, which includes communication, managerial skills, and business insight. The hypothesis built was:

H1: Expertise positively affects partnership strategy (collaboration)

According to [14] mention that experience helps companies become better at understanding the consequences of the actions taken by the company. This understanding will ultimately increase the efficiency and effectiveness of the company's activities. The experience's construct in this study includes business experience and position in the business. The hypothesis built was:

H2: Experience positively affects the partnership strategy (collaboration).

According to [15] state that the role of education is as value creation for competitive advantage through cost reduction, customer network, increased productivity, and work commitment. The level of education in a company is intellectual capital. According to [16] distinguished intellectual capital into three categories, namely (1) human capital: the level of education and human resource capacity of the company as managers and employees, (2) structural capital: the company's ability to save, maintain and convert specialization knowledge of HR into company performance, (3) customer capital: the knowledge that is shared between the organization and customers due to the establishment of good knowledge sharing so that reputation is high. The educational construct in this study includes the level of formal education and certification of expertise. The hypothesis built was:

H3: Education positively affects the partnership strategy (collaboration).

According to [17] define network as relationship capital or resources related to entities outside the company, including consumers, suppliers, government, and industry associations. According to [18] found that networking can accelerate innovation in small and medium companies. Through networking, a manager can access resources and knowledge in his network to accelerate the innovation process in the company. The networking construct in this study includes the
membership of SMEs in associations and business relations. The hypothesis built in this study was:

H4: Networking positively affects the partnership strategy (collaboration).

A company's performance is one of the essential constructs in management research [19]. Company performance is grouped into three categories [20] those are (1) financial performance (profit, ROA, ROI, etc.), (2) product marketing performance (sales, market share, etc.), and (3) shareholder return (value-added economy, etc.). To anticipate the unavailability of objective performance data in a study, it is possible to use subjective measures based on the manager’s perceptions [21]. According to [22] show a close correlation between subjective and objective performance measures.

This study measures the performance of SMI’s companies using subjective measurements based on the perceptions of company staff and managers on various dimensions of company performance measurement. The dimensions of the company’s performance used are sales growth and profit growth. The hypotheses that are built are:

H5: Collaboration strategy has a positive effect on company performance.

2. METHODS

The population of this study is small and medium industry (SMI’s) supporting industrial clusters in one of the small industrial areas in the city of Bandung. There are 53 SMI’s in the area. The number of samples observed with an accuracy of 5% were 23 companies, and in this study, 30 SMI’s were investigated. Data was collected by distributing questionnaires and interviews to the owners of SMI’s or their management. To get a profile about the owners of SMI’s, categorization is carried out based on age, gender, length of business, and activity in associations. Of the 30 respondents, there were 22 male entrepreneurs and eight female entrepreneurs. There were five entrepreneurs with less than ten years of experience, 14 people with 10-20 years of experience, and 11 entrepreneurs with more than 20 years of experience. Questions on the questionnaire include skills, experience, education, networking, collaboration strategies, and company performance.

The skill variable indicators used in this research are communication skills, managerial skills, and business insight skills. Experience indicators include business experience and position in the business. Educational variables are the last formal education level and expertise certification. The networking variable is involvement in business associations and relationships. The collaboration strategy variables include production cooperation and marketing network. The company's performance variable is measured by sales growth and profit growth. All indicators were measured on a Likert scale of 1-5, with 1 representing strongly disagree and 5 representing strongly agree. The relationship between the variables is shown in Figure 1.

![Figure 1. Research Model: The relationship between the variables](image1)

3. RESULTS AND DISCUSSION

Validity and reliability tests were conducted using a correlation formula of Pearson's Product Moment, and all the instruments were valid and reliable to be used in research. The research method was path analysis to test the strength of the direct and indirect relationships between the various variables.

The path analysis used was the trimming model's path analysis, which was used to improve a structural model by removing it from the model if the path coefficient variable is not significant. The path diagram of the influential variables is shown in Figure 2.

![Figure 2. Research Model: The path diagram of the influential variables](image2)
variable with managerial ability indicators (X2) on the partnership strategy variable (collaboration) with the marketing network indicator (X11) directly was 17%, the skill variable with the communication indicator (X1) was 3%, and the networking variable with the business relationship indicator (X9) was 1.8%. Thus, in total, X1 determines the changes in X11 by 21.71%.

The effect of the networking variable with the business relationship indicator (X9) on the partnership strategy variable (collaboration) with the marketing network indicator (X11) directly was 14.7%, the skill variable with the communication indicator (X1) was 2.5%, and the expertise variable with the indicator managerial ability (X2) is 1.8%. Thus, in total, X1 determines the changes in X11 by 19%. The variables X1, X2 and X9 together affect X11 by 37.8% + 21.7% + 19% = 78.5%. The effect of the partnership strategy variable with the marketing network indicator (X11) on the company's performance variable with the sales growth indicator (X12) in total X11 is 16.4%.

The findings in this study are in line with the findings of previous research [18], that networking is needed by small and medium-sized companies to accelerate the innovation process. This study examined more deeply that there is also a need for continuous improvement of communication skills and managerial governance of SMI’s owners/managers in addition to networking. The need for expertise in building collaboration has also been mentioned [4,23,12]. This study has incorporated various findings in previous studies in a frame of mind in small and medium industries supporting industrial clusters.

4. CONCLUSIONS

This study found that the partnership (collaboration) strategy was proven to affect the performance of SMIs. The success of the collaboration strategy is influenced by communication and managerial skills and the expansion of business relations (networking) from the owners/managers of SMI’s. This finding shows that SMI’s owners/managers need to continuously improve their skills in business communication, business management, and expansion of their business network.

REFERENCES


The Effect of Work Creation Law on the Five Forces of Competition Related to the Formulation of Competitive Strategies According to Michael E. Porter

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ABSTRACT
The Law on Job Creation is an Omnibus Law that has been ratified by the House of Representatives of the Republic of Indonesia. This is closely related to the interests of workers and employers. After the reform era, there was a change in the issues faced by the workers because they had to deal with the market intervention that was getting stronger due to neoliberalism. By using any point of view, the purpose of the entrepreneur (company) in running his business is to make a profit by winning the competition. To understand the forces that exist and become part of the competition in the industry, it can be done by using the five forces that affect industry competition as proposed by Michael E. Porter. This research is descriptive-analytical research describing research data. The research data was qualitative using secondary data. The results of this study were; The Omnibus Law on Job Creation can affect competition in the industry through competition among companies and can be used by companies to select generic competitive strategies, according to Michael E. Porter. This was caused by the Omnibus Law on Job Creation that was created to help provide certainty and convenience to entrepreneurs in running their business.

Keywords: Job Creation, Competition, Industry, and Strategy.

1. INTRODUCTION
The Law on Job Creation, an Omnibus Law, was ratified by the House of Representatives of the Republic of Indonesia (DPR RI) in a plenary session held on Monday, October 5, 2020. This omnibus law concept resulted in a universal sweeping law in which the norms contained in one law can change or replace the norms contained in several laws and regulations [1] to be one of the efforts to refresh or harmonize several laws and regulations [2].

At the time of writing this article (October 9, 2020), researchers have not been able to find the draft of the law that the DPR RI has ratified; researchers can only find the Draft Law on Job Creation (draft for February 2020) [3]. The ratification of the work copyright law was responded to by labor demonstrations for three consecutive days from Tuesday to Thursday (6-8 October 2020) in various cities in Indonesia. "The government sees the need for this Job Creation Bill because of the high unemployment rate in Indonesia, which reaches 7 million people, so it is hoped that this bill will be able to open up new job opportunities [4].

The ratification of the omnibus law is closely related to the interests of workers and employers. After the reform era, there was a change in the issues faced by the workers because they had to deal with the market intervention that was getting stronger due to neoliberalism. Workers face international market pressures through the Multi-National Corporation (MNC), the World Trade Organization (WTO), and the World Bank. In this case, the market becomes the real enemy of the workers, while the government is increasingly confused because it has to mediate between the interests of workers and entrepreneurs [5].

In this case, in general, workers can be said to express their rejection or objection to the ratification of the work copyright law, while the attitude of employers regarding the ratification of the work copyright law is
generally difficult to know because of the mass media do not explore it. By using the analogy that the interests of workers and the interests of employers are mutually exclusive, it can be assumed that with the enactment of the work copyright law, the interests of employers are more advantageous. Apart from the differences between workers and entrepreneurs, however, entrepreneurs make a positive contribution to development through [6]: (1) its role in the production, distribution, and consumption processes, as well as creating jobs and increasing people’s incomes, and (2) improving the country’s economy and reducing the country’s dependence on products from other countries.

By using any point of view, the purpose of the entrepreneur (company) in running his business is to make a profit by winning the competition. Very tight industrial competition [7] requires companies to develop various unique and valuable strategies [8] to improve their performance achievements in order to win the competition [9] or excel in the competition. Competitive advantage is when a company dominates a business competition [10]. In contrast, strategy can be defined as "the main pattern of actions chosen to realize the company’s vision, through the mission" [11]. An effective strategy is a strategy that helps achieve company goals [12]. In the long term, companies need different strategies to be used as guidelines for each company level [13].

There are three types of government policies that contradict the principle of competition in the industry, namely [14]; (1) restrictions on the number of business actors (e.g., exclusion rights, permits, restrictions on the supply of raw materials, etc.), (2) restrictions on the company's ability to compete fairly (e.g., price controls, restrictions on promotions, etc.), and (3) reduce the company's incentives to compete (e.g., the existence of organizations of business actors that apply internal regulations related to the disclosure of price information, sales levels, production levels, and others). Thus, it is essential to do a competitive analysis to determine its position in the industry [15].

"Competition is a continuous effort made between companies to achieve a comparative advantage in resources that will result in a competitive advantage position in the market and most importantly achieve super financial performance" [16]. Competition in the industry basically occurs in the market. "Market is an economic institution where buyers and sellers can either directly or indirectly carry out trade transactions in goods and or services" [17]. Goodin [18] states that according to the rules of the market, anyone who depends on the other will be effortless to exploit. There are four market structures, namely [19]; (1) perfect competition market, (2) monopolistic competition market, (3) oligopoly market (oligopoly), and (4) monopoly market. "Market structure determines behavior such as corporate strategy, research, and development. The behavior will ultimately determine performance such as profit or efficiency" [20]. Market structure is a collection of various factors that affect the level of competition in the market [21], or "the environmental conditions in which companies carry out their activities as producers" [22].

To understand the forces that exist and become part of the competition in the industry, it can be done by using the five forces that affect industry competition as proposed by Michael E. Porter, and those are: (1) competitors in the industry that create competition between firms in the industry, (2) potential new entrants that pose a threat of new entrants, (3) buyers who have bargaining power, (4) substitute products that can pose a threat, and (5) suppliers who have bargaining power. After the forces in the industry competition can be identified, Porter then offers three generic strategies to overcome them, namely to win the competition in the industry. The three generic strategies are; (1) overall cost advantage / low cost, (2) differentiation, and (3) focus. Porter recognizes other forces outside the industry that significantly affect competition in the industry, one of these forces is the power of law. However, Porter does not place the law as a force in industrial competition because the power of law is relative; it equally affects all companies competing in the industry [23]. This study proposed that Porter's thinking needs to be criticized because the existence of a statutory regulation can, in fact, significantly affect competition in the industry.

Based on the description of Figure 1 above, the identification of the research problems are: (1) How does the Omnibus law affect competition in the industry that allows companies to win the competition? (2) How can the Omnibus law influence Porter's selection of a generic competitive strategy by companies to win the competition in the industry?

![Figure 1. Porter's Five Forces](24)

**2. METHODS**

This research was descriptive-analytical research describing research data. The research data were qualitative, in the form of words that do not use numbers. This study used secondary data, that is, data
that already exists for a particular interest. The unit of analysis used is the prevailing laws and regulations in Indonesia.

3. RESULTS AND DISCUSSION

The job creation law is referred to as omnibus law, which is one law that can change or replace several laws at once. For some academics or legal practitioners in Indonesia, the term omnibus law is a new term, because omnibus law is commonly used in countries that adhere to the Anglo Saxon legal tradition (common law), such as the United States of America [25], while Indonesia is a country that adheres to the legal tradition of continental Europe (civil law) such as the Netherlands. The word Omnibus comes from the Latin word meaning for all. According to Bryan A. Garner’s Black Law Dictionary Ninth Edition, the omnibus is: "relating to or dealing with numerous objects or items at once; including many things or having various purposes", namely “related to or dealing with various objects or items at once; include many things or have multiple purposes” [26].

The objectives of the creation of the job creation law are [27]:

1. Creating the broadest possible employment opportunities.
2. Even distribution of employment.
3. Fulfill the right to a decent living.
4. Ease and protection of MSEs and cooperatives.
5. Improvement of the investment ecosystem.
7. Increased protection and welfare of workers.
8. Central government investment and acceleration of national strategic projects.

Meanwhile, the ten scopes of the job creation law include [28]:

1. Improving the investment ecosystem and business activities.
2. Employment.
3. Ease, protection, and empowerment, MSEs, and cooperatives.
4. Ease of doing business.
5. Research and innovation support.
7. Economic zone.
8. Central government investment and acceleration of national strategic projects.
10. Imposition of sanctions.

Based on the scope of the job creation law, which is directly related to the five competitive forces according to Porter are; (1) improvement of the investment ecosystem and business activities, (2) employment, (3) ease of doing business, (4) land acquisition, and (5) economic zone. These five things become part of the competitive power that comes from competitors in the industry, creating competition among companies in the industry. Thus, it can be seen that the existence of the copyright law affects competition according to the five competitive forces as referred to by Porter through only one competitive force [29], namely the competitive power of industry competitors.

How job creation laws affect competition in the industry can be described as follows:

1. Improving the investment ecosystem and business activities [30]. With the job creation law, entrepreneurs or companies that invest and carry out business activities will be convenient. The convenience referred to is carried out by eliminating the obstacles that have been faced by entrepreneurs (companies) in making investments and business activities in general.

2. Employment [31]. With the existence of the work copyright law, various forms of company expenses related to employment, which are part of the company's routine expenses (overhead), can be reduced in various ways, for example; no UMR/UMK, reduction in severance pay, ease of doing layoffs (Termination of Employment), expansion of company outsourcing, and others.

3. Ease of doing business [32]. With the job creation law, various permits, considered one of the inhibiting factors in doing business by entrepreneurs (companies), can be reduced or even eliminated.

4. Land acquisition [33]. All forms of business require a place (land). What distinguishes it is that there are businesses that require a large area of land, but there are also businesses that require a small area of land. The problem of land acquisition, both broad and not comprehensive, still exists and can potentially disrupt business activities. With this job creation law, various forms of problems related to land acquisition can be overcome as much as possible.

5. Economic zone [34]. The economic zone consists of [35]; special economic zones, free trade areas, and free ports. In essence, the job creation law is intended to provide convenience in the formation of economic zones for business purposes.

The direct impact of the implementation of the five scopes of the copyright law as described above in
influencing industrial competition can be described as follows:

1. With the ease of investment and business activities, it is easier for companies to change the size and resources of their companies. This will affect the balance of competition in the industry where large companies can become market leaders and carry out a coordinating role in the industry, for example, in terms of leading prices. The selling price of small companies’ products will tend to follow the selling prices of large companies’ products for the same products. Large companies with the resources under their control can sell products at relatively lower prices because they are influenced by relatively larger production volumes than small companies.

2. Labor-related costs are part of the company's fixed costs. The high fixed costs of the company directly suppress the company's profit when the selling price of the product cannot be increased anymore. This can happen to companies, not in a price leader position (not big companies in the industry). With this law, the company's fixed costs derived from labor-related costs can be reduced. This will directly affect the increase in the duration or can be used to lower the selling price of the product to change the company's position in industrial competition. This will significantly affect industries that absorb a lot of labor (labor-intensive industries).

3. The ease of managing various business licenses directly gives rise to the ease of doing business, namely: (a) the ease of resizing the company (becoming bigger), or (b) the ease of the company is expanding its business, both in the same type of business or in different types. The ease of doing business, in essence, also provides wider opportunities for companies to enter or leave the industry. The industry's competitive position will quickly change if the company has the flexibility and ability to enter or leave an industry. If many companies enter the industry, the competition in the industry will increase. Meanwhile, if many companies leave the industry, the competition in the industry will decrease. The reduced competition in the industry will not automatically increase the company's profit if the industrial product is a commodity that is difficult to develop again, both in terms of price and in terms of the amount of production.

4. Land acquisition for new companies in the industry or for companies that will expand their business activities is an activity that requires enormous costs and contains a high difficulty factor because if it is not carried out properly, it can potentially lead to disputes (legal problems). The convenience provided by the work copyright law related to land acquisition can directly encourage companies to resize or expand the company. Resizing or expanding the company directly changes the balance of industry competition, especially in company leadership in the industry.

5. Economic zones whose arrangements are contained in the work copyright law are part of the company's external factors that directly affect competition in the industry by providing privileges in the form of various facilities to companies located in the economic zone compared to similar companies located outside the economic zone. Companies located in economic zones have competitive advantages in taxation, production processes, or supply of raw materials. The competitive advantages of these companies increase company efficiency, which can increase company value. The increase in the company's value is the cause of the increase in the company's position in industrial competition.

Based on the description above, it can be understood that job creation law affects one of Porter's five competitive forces. Because the five competitive forces are the basis for selecting Porter's three generic competitive strategies, the implementation of the job creation law influences the selection of generic competitive strategies by companies to win the competition in the industry. This can be explained as follows [36]:

1. A comprehensive cost advantage strategy requires managerial attention to control costs in various aspects of its operational activities so that they are lower than competing companies. The implementation of the job creation law allows companies to use this comprehensive cost advantage strategy when the company in question can optimize competitive advantages in terms of low costs in various aspects related to employment, and the location of the company in an economic area that allows the company in question to obtain various facilities from the government, such as tax incentives. Overall, the cost leadership strategy can generally be used by companies where the product is a commodity (customer goods).

2. The generic differentiation strategy places the company's product as a new or unique product compared to other similar products made by competing companies. The novelty and uniqueness of the product allow it to be sold above the average price of similar products to increase the value of the company, which in turn can increase the company's profit. The creation of new products that have uniqueness can be carried out by making changes to the production process, where these changes require additional costs in the form of investment. Production process engineering to produce new and unique products, apart from requiring investment, also requires new production sites (new factories) to be built on new land. Based on this, land acquisition becomes an important matter. The operation of new production sites and new production processes requires the company to have new licenses. Thus, the
ease of licensing is one of the requirements for companies to create new and unique products. The implementation of the work copyright law in terms of ease of investment, ease of licensing, and ease of land acquisition can be why companies can use a generic strategy of differentiation to win the competition in the industry.

3. The generic focus strategy can be implemented in various ways, adapted to the conditions and products of the company. This generic strategy focus can be aimed at producing only a particular type of goods or services; it can also be aimed at a specific area used as a marketing center for the company's products. The generic focus strategy can also be used against specific target markets by gender or age of the consumer and other foci. By using a focused generic strategy, it is expected that the company can maximize its competitive advantage compared to other companies in the industry to win the competition, as evidenced by the increase in company value. In simple terms, this can be known by using indicators of increasing company profits.

Based on the description above, it can be seen that the implementation of the copyright law gives companies the ability to choose Porter's three generic strategies in order to win the competition in the industry. About what the company then chooses a generic strategy to win the competition in the industry, it is influenced by various environmental factors that are external and internal to the company. Thus the company must define the company's external and internal environmental factors that are decisive as the basis for selecting Porter's generic strategy to win the competition in the industry.

Porter indeed formulated three generic competitive strategies for three different firm conditions. However, in reality, the company's condition is complex, and the conditions of competition in the industry are complex. Thus the researcher argues that companies to win the competition in the industry can use more than one generic competitive strategy together. Decisions related to this must be based on various considerations, one of which is the consideration related to the company's external and internal environmental analysis results.

4. CONCLUSIONS

Based on the above discussion associated with the identification of research problems, it can be concluded as follows:

1. Omnibus law on job creation can affect competition in industry through competition among companies in the industry. Thus, from Porter's five competitive forces, only one competitive force was directly affected by the implementation of the job creation law.

2. The omnibus law on job creation can be used by companies to select Porter's generic competitive strategies because the substance of job creation laws that affect competition in the industry through competition between companies in the industry can be used as a basis for selecting one or more competitive strategies.

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The Competitiveness of Indonesian Craft as Creative Industries in the Global Market: A SWOT Analysis Approach

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ABSTRACT
This research focused on the conditions of the craft as a creative industry in the global market by looking at aspects of its competition. This study aimed at analyzing strategies that can be formulated and become recommendations for stakeholders and exporters (MSMEs) and a reference for further research related to the creative industry. The SWOT-TOWS analysis shows that Indonesia has advantages in several aspects: the development and growth of cluster industries spread in various regions with their respective characteristics due to cultural influences. Therefore, each region has its own superior craft products, and the craft products that are in demand by foreign markets are jewelry and furniture crafts made of wood. Apart from that, what is currently in demand by foreign markets is wigs craft made of synthetic materials. Furthermore, according to statistical data, Indonesia leads the market share in the global market with a total market share reaching 35.1%. This condition shows that creative industrial products from Indonesia have their place in the global market.

Keywords: Competitiveness, Indonesia, Craft, Creative, SWOT

1. INTRODUCTION

Indonesia is a country rich in culture. There are 34 provinces with distinctive characteristics. Therefore, each region has the characteristics of a creative economy, which also supports the national economy. Uniquely, Indonesia's creative economy is dominated by the level of micro-enterprises or MSMEs, where growth has increased every year [1]. The strength of the Indonesian economy in the MSME sector was proven during the economic crisis where the economic crisis had its impact on large companies. The flexibility of MSMEs makes it their strength in facing the market with their uniqueness and advantages. Relying on creativity with limited resources makes them an industry that never dies, so it is called the creative industry. Referring to the type of creative industry version of the Indonesian Creative Economy Agency, there are 16 creative industry sectors: fine arts; performing Arts; television and radio; advertising; publishing; application and game developers; fashion; music; culinary; craft; photography; film; animation and video; product design; visual communication design; design interior; and architecture [2]. Among the 16 creative industries, the craft industry is one of the creative industries with an enormous export potential seen from its export value in the last five years after the fashion industry sector.

The role of this culture also influences the crafts that are produced, where each region has its superior craftsmanship. This potential also plays a role in the creative economy both nationally and globally. Therefore, studies related to crafts in the creative industry sector are an attraction for researchers, particularly regarding the competition in the global market. Therefore, this research focused on the creative industries in Indonesia.
1.1. The creative industry in Indonesia

Based on the data of Badan Ekonomi Kreatif Republik Indonesia (Creative Economy Agency of the Republic of Indonesia) and Badan Pusat Statistik Indonesia(The Central Bureau of Statistics of Indonesia), the export potential of Indonesia's creative industry in 2016 included fashion; craft; culinary; publishing; art; music; and films, animations, and videos, with export value in thousand US$ respectively 10,901,481.5; 7,797,661.1; 1,260,503.6 26,166.8; 3,039.9; 14.5; and 1.2. Based on these data, it is illustrated that the seven creative industries are Indonesia's mainstay in the creative economy led by the fashion sector. This was also influenced by the development of industry 4.0, trade policies between countries (free trade and fair trade), and advantages in export countries that import countries do not have. For instance, the labor costs which are cheaper than the country of origin can reduce the cost of the cost of the product, which is correlated with the profit margin obtained, even though the labor factor being paid at 'affordable prices' is now not the main reason, along with labor welfare policies and brand awareness and quality [3].

Certain advantages in each country make the development of the export of products/services for the creative industry more dynamic and challenging. Indonesia itself is a country that is rich in culture. As explained in the previous literature, culture triggers the creative industry in a region and even a country. Because of the variety of cultures that Indonesia has, it is no wonder that creative industry clusters are born naturally as a result of 'knowledge' passed down from generation to generation in an area. Born naturally and supported by local and central government policies, creative industry clusters were 'founded' by design to maximize regional potential and drive the local economy before the macroeconomy [4]. The growth and development of clusters create their competitive advantage in each industrial area, making it unique where the approaches are different. Like the UMKM constraints in general, MSMEs rely a lot on financial support to third parties who apply higher interest than formal financial institutions. This becomes a dilemma for them; on the one hand, it must be produced; on the other hand, there is a risk of default. Apart from the dilemma of financial factors, they are also faced with consistent product standardization. Considering that foreign markets have a different segmentation from the national market, consistency in maintaining standardization, such as agreements that have been agreed upon, is absolute. Export barriers by MSMEs also color the process of international trade transactions in the creative industry, especially language barriers. Foreign language skills are one of the main points in communicating with buyers, even though some use third-party services such as interpreters or brokers, whereas suppliers do not use foreign language skills because third parties represent them.

2. METHODS

This study discussed Indonesia's creative industry competition in the global market. Researchers collected qualitative data [5] using descriptive research methods in data collection and analysis. This research was conducted through a literature review approach from various national and international journals, reports, news, and other secondary data. The secondary data collected was then processed with the SWOT Analysis approach. Afterward, it was then analyzed deeper with the TOWS Analysis approach to formulating a strategy for Indonesia's creative industry in facing global competition by combining internal and external factors. The purpose of this study was to analyze strategies that can be formulated and become recommendations for stakeholders and exporters (MSMEs) and a reference for further research related to the creative industry.

3. RESULTS AND DISCUSSION

Based on the literature that has been obtained, it shows that the creative industry in Indonesia is the mainstay of the national economy in the creative economy sector. The craft was one of Indonesia's mainstay creative industry sectors based on the international trade center data. Indonesian jewelry exports with HS Code 711319 had a significant export value, but in growth, it decreased significantly. The export value of articles of jewelry and parts thereof in 2019 reached 1,860,849 US $ thousand, but the annual growth in value between 2015-2019 reached -14%. One of the reasons for the decline in export value is the import duty policy in export destination countries, such as the United Arab Emirates, which makes business people divert their exports to Singapore, which still applies a 0% import duty policy, the export of this jewelry commodity has a market share of 1.8% of total world exports. Of all types of crafts, the Complete wigs of synthetic textile materials (HS Code 670411) industry had the highest market share, which was 35.1%, with an export value of 162,519 US $ thousand, and is leading the world in wigs export commodities. Wooden crafts with HS Code 940360 (furniture) are still the mainstay of Indonesia's export commodity with an export value of 792,175 US $ thousand with a market share of 3%. Then Seats, with wooden frames (excluding upholstered) (HS Code 940169), the export value in 2019 reached 328,915 US $ thousand with a market share of 12.1%. Although export commodities such as jewelry and wood furniture have decreased, their export value remains the highest compared to other handicraft sectors. Based on Figure 1, it can be seen that several commodities that fall into the creative industry category show a significant increase.
As previously explained, the jewelry industry is one of Indonesia's primary mainstays in international trade in the creative industry sector, followed by handicraft commodities made from wood or furniture. Figure 2 depicts the jewelry commodity's export destination countries from Indonesia, while Figure 3 depicts the export destination countries for the entire creative industry from Indonesia.

**Table 1. SWOT-TOWS Analysis**

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**Figure 1.** Size of national supply and growth of international demand for products exported by Indonesia in 2019

The largest market for jewelry exports, as illustrated in graph 2, is Singapore, one of which is due to the import
duty policy in export destination countries such as the UAE, which applies 5%, while the Import Duty from Singapore to the UAE is 2.5%. Therefore, jewelry exports are carried out through Singapore to reduce entry costs. The highest recorded jewelry export is to Singapore [8]. The main export destinations for jewelry from Indonesia are Singapore, Hong Kong, China, the USA, Switzerland, and the UAE. Even though the export value has decreased significantly, it is still the highest among other craft commodities based on statistical data.

Figure 3 depicts the export destination countries for the entire creative industry from Indonesia.

![Figure 3. List of importing markets for a product group exported by Indonesia, product group: creative industries](image)

**Figure 3.** List of importing markets for a product group exported by Indonesia, product group: creative industry

Source: [9]

The SWOT-TOWS matrix above shows that Indonesia can apply many strategies in facing competition in international trade in export markets. As formulated in the TOWS analysis, what needs attention is how innovative industrial products show their advantages over similar products from competing countries, such as price, quality, raw materials, distance, etc. The participation of Indonesian products in international trade fairs can pave the way for entry into international markets. Through the Directorate General for National Export Development, the government facilitates international exhibitions for Indonesian products that have potential in the international market [10].

The weakness of competition for creative industrial products in global trade is the lack of information obtained by entrepreneurs, such as policies, supporting documents, payment methods, modes of transportation, and guarantees of goods arriving at the destination country. Differences in climate and long and long distances can affect the quality of the product shipped. This can lead to the risk of incomplete payment of the invoice that has been determined. Of course, this is returned to the original contract. Therefore, the standardization of products to destination countries must be determined by entrepreneurs to ensure that their products arrive at the quality and quantity expected by the buyer.

Maximizing the potential of a cluster-based creative industry can also be one strategy where MSMEs gather in geographical ties so that supply and demand can meet in one place. Therefore, this potential must be maximized with government policies, where the existence of a cluster-based creative industry also helps drive the local economy. The talent acquired from generation to generation helps to preserve the talent of "craftmanship" so that it will not be extinct. Several clusters of craft industry in Indonesia include the Jepara craft industry (wood carving) [11] and the silver craft industry in Kota Gede, Yogyakarta [12].

In the current era of 4.0, utilizing e-commerce channels for sales and promotion in international trade is one solution for introducing Indonesian products digitally. The ease of information must be utilized appropriately to expand the business to other countries. The involvement of creative industry MSMEs in international trade also contributes to the Indonesian Trade Balance, where Indonesia's non-oil and gas exports are supported by the creative economy or the creative industry.
4. CONCLUSIONS

As discussed earlier, Indonesia’s creative industry in the craft sector is a mainstay of Indonesia’s exports in the creative economy. The main destination countries are the United States, Singapore, Hong Kong, China, Japan, the United Arab Emirates, and Switzerland. Export growth is significant in the United States, while other countries have seen a significant decline and increase. This illustrates that the United States market remains Indonesia’s mainstay for exporting Creative Industry products. Tight competition in the global market is one of the opportunities for Indonesia, where costs are more affordable than competing countries due to more affordable sources of raw materials and human resources (artisans). The SWOT-TOWS analysis shows that Indonesia has advantages in several aspects: the development and growth of cluster industries that are spread in various regions with their respective characteristics due to cultural influences. Therefore, each region has its own superior craft products, and the craft products that are in demand by foreign markets are jewelry and furniture crafts made of wood. Apart from that, what is currently in demand by foreign markets is crafts made of synthetic materials.

Furthermore, according to statistical data, Indonesia leads the market share in the global market with a total market share reaching 35.1%. This condition shows that creative industrial products from Indonesia have their place in the global market. Therefore, maximizing the potential of both independent MSMEs and cluster-based MSMEs to look at foreign markets can be an opening for them to be ready to compete in the global market. By highlighting product advantages compared to other competitor products, it can provide comparisons for buyers to choose creative industrial products from Indonesia. The advantages of these products can be in the form of price, product quality according to specifications, raw materials, distance, and others.

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Formulating Business Strategies and Operating Strategies in E-Embroidery SMEs

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ABSTRACT
This research aims to obtain a business strategy and operating strategy that can be applied by SMEs after the outbreak of the Covid-19 virus. The author conducted literature research and interviews with company owners. Analysis techniques in strategy formulation were carried out through three stages: the input stage, the initial stage, and the decision stage. The input stage used an external factors evaluation matrix, an internal factor evaluation matrix, and a competitive profiles matrix. Based on the EFE matrix analysis, the company's external factor that threatens is the unstable economic condition due to the Covid19 outbreak. Meanwhile, the existing opportunity is that the market share is still quite wide, so E-embroidery makes the best possible use of these opportunities by doing online marketing to introduce their business. Based on the CPM matrix, E-embroidery has the lowest position compared to the other two examples of embroidery companies, although there is a slight difference between E-embroidery and Cimahi embroidery companies. The matching stages use the IE matrix, the grand theory matrix, and the SWOT matrix. Based on the IE matrix, it can be seen that the value of the company's external factors and internal factors is in quadrant I or high. E-embroidery is in growth and development. Based on the grand strategy matrix, it can be concluded that E-embroidery is in quadrant I. Companies that are in quadrant I have a strategic position. The decision stage uses the QSPM matrix. Based on the QSPM matrix, it can be concluded that the value of the product development strategy has a total attractiveness value of 6.128. This value is higher than the market penetration strategy, with a total attractiveness value of 6.083. The product development in question is an effort to increase the product's added value by utilizing fabric waste. This cloth waste can be utilized by using the remaining cloth that becomes waste into an additional layer of embroidered cloth media to maximize embroidery results.

Keywords: Strategic Management, Business Strategy, Operating Strategy, SMEs

1. INTRODUCTION

Various parties have discussed small and Medium Enterprises; even SMEs are considered the saviors of the Indonesian economy in times of crisis. In 1998, Indonesia survived the crisis because of assistance from SMEs. Large industries fell, but SMEs experienced a 350 percent increase in exports. However, in 2020, SMEs in Indonesia were not entirely able to survive during the Covid-19 pandemic. Even so, SMEs still have the opportunity to survive and compete. SMEs can replace imported products to meet the Indonesian market with a market share of more than 250 million people [1].

According to [2], there are 334,781 MSME business actors registered with the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia in Bandung City and 53,362 MSME business actors registered with the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia in Cimahi City [2].

If you look at the line chart in Figure 1 according to [3], there are fluctuations in the development of small and medium enterprises every year. In the city of Bandung, there are 265 businesses registered as embroidery industry businessmen at the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia. Meanwhile, in Cimahi City itself, there are 55 business people registered as business players in the embroidery industry at the Ministry of Cooperatives and
Small and Medium Enterprises of the Republic of Indonesia.

Therefore, a business strategy and operating strategy for SMEs are needed when viewed from the number of competitors in the embroidery industry. To compete with other embroidery industries and raise the company's need for an organization that can direct and develop efforts to achieve organizational goals [4]. Therefore, a business strategy is needed to determine the ability of SMEs to analyze the external and internal environment of SMEs, formulate strategies, implement plans designed to achieve SME goals, and conduct evaluations to get feedback in formulating future strategies [5]. In addition, the embroidery industry also requires an operating strategy because the company's operating strategy is usually formulated based on the competitive advantages of the SMEs. An effective operating strategy must maintain and enhance a competitive advantage based on the capabilities of the company's operating resources [6].

In the current situation, namely COVID-19, all business people are trying to maintain and fight for their business so that there is no drastic decline in sales. Therefore, business strategies and operations strategies are needed so that entrepreneurs know their business's internal and external factors and then formulate their advantages to compete with their competitors. This research aims to obtain a business strategy and operating strategy that can be applied by SMEs after the outbreak of the Covid-19 virus.

2. METHODS

This research was an exploratory, descriptive qualitative research or research whose main characteristics are to provide objective explanations, comparisons, and evaluations as decision-making materials for the authorities [7]. The purpose of descriptive research is to find an explanation of a fact or event that is currently happening, for example, existing conditions or relationships, opinions that are developing, consequences or effects that occur, or ongoing trends. In this study, the focus of research is more directed to an explanation of the company's internal and external conditions and the existing operating system in the company to formulate alternative strategies that are feasible and suitable for the company. Data Collection

The data collection techniques carried out are as follows:

1. Questionnaire
   A questionnaire is needed to determine the rating and weighting values given to related parties from the E-embroidery, namely the owner, marketing department, and company operations section.

2. Observation
   Observation or direct observation of the research object, namely directly seeing the embroidery production process. This process starts from the initial stage of the entry of orders to the company until the delivery of finished products back into the hands of consumers.

3. Interview
   Conducting interviews by holding questions and answers to the speakers. Sources of information from this research are company owners and company employees.

4. Literature Study
   Literature study, namely secondary data collection obtained by reading literature related to the object under study.

   Analysis techniques in business strategy formulation can be done through three stages, namely the input stage (EFE, IFE, and CPM), the matching stage (IE, Grand Strategy, and TOWS Matrix), and the decision stage (QSPM) [8].

3. RESULTS AND DISCUSSION

E-embroidery is an embroidery home industry that was founded in 2005. Over time E-embroidery grows, machine assets increase, workforce increases. However, poor management increased debt and receivables, thus requiring the sale of assets owned.

In 2016 E-embroidery restarted its business and grew well, but in 2020, the covid19 outbreak struck, which required its operations to stop again. Currently, E-embroidery is starting to operate again by adjusting to new normal conditions.

Based on the results of an interview with Mr. Marsudi as the owner of E-Embroidery on February 22, 2021, information was obtained that E-Embroidery's vision is...
"to become a trusted embroidery provider company". While the missions of E-Embroidery are:

1. Use of social media for marketing
2. Fast response and friendly service
3. After-sales service
4. Good quality embroidery
5. Price flexibility

One of the tools that can be used to analyze competition in entering the industry is Porter's Five Forces (Five Forces of Porter). Porter's Five Strengths are tools for understanding the competitiveness of the business environment and for identifying the potential advantages of business strategy. Here are the five forces of Porter in the E-Embroidery company:

1. Bargaining Power of Buyer
   In the embroidery industry, bargaining prices with consumers is a common thing. This is due to the limited budget for embroidery costs set by consumers so that consumers want as much as possible at a low price with good quality. However, the results of E-embroidery products can adjust the quality to the price desired by consumers so that in the end, there will be an agreement between the price and the appropriate quality.

2. Bargaining Power of Suppliers
   While the missions of E-Embroidery company are to become a trusted embroidery provider company, the embroidery business is still difficult to sell online because the products produced are orders from consumers, usually in uniforms so the uniform cloth media will be directly applied to embroidery. Nevertheless, even so, it is possible to make online sales. There are several types of embroidery, such as patches or emblems, that have the opportunity to be sold online. This is due to the limited product variant, embroidery has the advantage of being more detailed for small-size products, but they can be said to lack durability. In addition, the treatment of screen printing and woven is more complicated when compared to embroidery. Screen printing and woven cannot withstand high temperatures, so they cannot be ironed directly.

3. Rivalry Among the Established Firm
   The similarity of the target market makes other embroidery businesses around Cimahi, Bandung, and West Bandung the most formidable competitors. The embroidery business is difficult to sell online because the products produced are orders from consumers, usually in uniforms so the uniform cloth media will be directly applied to embroidery. Nevertheless, even so, it is possible to make online sales. What has been done by embroidery business actors is online marketing, where business actors introduce their embroidery business through online media.

4. Substitute Products

   The substitute products for embroidery are screen printing and weaving. However, embroidery enthusiasts cannot be underestimated either because embroidery has its advantages, its durability. Screen printing and woven do have the advantage of being more detailed for small-size products, but they can be said to lack durability. In addition, the treatment of screen printing and woven is more complicated when compared to embroidery. Screen printing and woven cannot withstand high temperatures, so they cannot be ironed directly.

5. Threat of New Competitors
   The similarity of the target market makes other embroidery businesses around Cimahi, Bandung, and West Bandung the most formidable competitors. The embroidery business is difficult to sell online because the products produced are orders from consumers, usually in uniforms so the uniform cloth media will be directly applied to embroidery. Nevertheless, even so, it is possible to make online sales.

   What has been done by embroidery business actors is online marketing, where business actors introduce their embroidery business through online media.

### 3.1. Analysis

Analysis techniques in business strategy formulation can be done through three stages, namely the input stage (EFE, IFE, and CPM), the matching stage (IE, Grand Strategy, and TOWS Matrix), and the decision stage (QSPM). Below is the input stage, which consists of the EFE and IFE matrix [8]:

#### 1. Input Stage

**EFE Matrix**

<table>
<thead>
<tr>
<th>No</th>
<th>External Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Weight Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The emergence of similar businesses so that can work together</td>
<td>0.115</td>
<td>4</td>
<td>0.460</td>
</tr>
<tr>
<td>2</td>
<td>Software that makes the design setting process easier</td>
<td>0.053</td>
<td>3</td>
<td>0.159</td>
</tr>
<tr>
<td>3</td>
<td>Fairly wide market share</td>
<td>0.112</td>
<td>3</td>
<td>0.336</td>
</tr>
<tr>
<td>4</td>
<td>Consumer demand for designs that are always new</td>
<td>0.089</td>
<td>4</td>
<td>0.356</td>
</tr>
<tr>
<td>5</td>
<td>Growing design creativity</td>
<td>0.091</td>
<td>3</td>
<td>0.273</td>
</tr>
</tbody>
</table>

---

**References**

From the table above, it can be concluded that E-embroidery can respond to opportunities and threats in the industry very well. Thus, the company has taken advantage of opportunities and minimized the negative impact of external threats in the embroidery industry.

### IFE Matrix

**Table 2. IFE Matrix**

<table>
<thead>
<tr>
<th>NO</th>
<th>Internal Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Weight Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Flexible product prices</td>
<td>0.147</td>
<td>4</td>
<td>0.588</td>
</tr>
<tr>
<td>2</td>
<td>Using the latest software</td>
<td>0.055</td>
<td>3</td>
<td>0.165</td>
</tr>
<tr>
<td>3</td>
<td>Loyal workforce</td>
<td>0.089</td>
<td>3</td>
<td>0.267</td>
</tr>
<tr>
<td>4</td>
<td>Good quality of raw materials</td>
<td>0.060</td>
<td>3</td>
<td>0.180</td>
</tr>
<tr>
<td>5</td>
<td>Details of the results of good design settings</td>
<td>0.110</td>
<td>4</td>
<td>0.440</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>1.000</td>
<td></td>
<td><strong>3.134</strong></td>
</tr>
</tbody>
</table>

The table above shows that the internal position of the E-embroidery company is in a reasonably strong position with a score of 3.134. This shows that E-embroidery must increase its internal strengths to build a more competitive position. E-embroidery company must develop its internal weaknesses. This is necessary so that E-embroidery can compete and survive in the embroidery industry.

### CPM Matrix

**Table 3. CPM Matrix**

<table>
<thead>
<tr>
<th>Key Success Factors</th>
<th>Weight</th>
<th>E-embroidery Bandung</th>
<th>Bordir Cimahi</th>
<th>Bordir Bandung</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design quality</td>
<td>0.100</td>
<td>0.400</td>
<td>0.300</td>
<td>0.400</td>
</tr>
<tr>
<td>Completion time</td>
<td>0.130</td>
<td>3.000</td>
<td>4.500</td>
<td>4.500</td>
</tr>
<tr>
<td>Yarn color match</td>
<td>0.009</td>
<td>4.000</td>
<td>3.500</td>
<td>4.000</td>
</tr>
<tr>
<td>Embroidery quality</td>
<td>0.150</td>
<td>4.000</td>
<td>3.000</td>
<td>4.000</td>
</tr>
<tr>
<td>Service quality</td>
<td>0.075</td>
<td>4.000</td>
<td>3.000</td>
<td>4.000</td>
</tr>
<tr>
<td>Competitive price</td>
<td>0.135</td>
<td>4.000</td>
<td>3.500</td>
<td>4.500</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.085</td>
<td>4.000</td>
<td>3.000</td>
<td>4.000</td>
</tr>
<tr>
<td>Marketing activities</td>
<td>0.060</td>
<td>4.000</td>
<td>3.500</td>
<td>4.500</td>
</tr>
<tr>
<td>After sales service</td>
<td>0.050</td>
<td>4.000</td>
<td>3.000</td>
<td>4.000</td>
</tr>
<tr>
<td>Employee competence</td>
<td>0.125</td>
<td>2.000</td>
<td>3.000</td>
<td>4.000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1.000</td>
<td>3.425</td>
<td>3.150</td>
<td>3.940</td>
</tr>
</tbody>
</table>

The table above shows that the internal position of the E-embroidery company is in a reasonably strong position with a score of 3.134. This shows that E-embroidery must improve its internal weaknesses to build a more competitive position. E-embroidery company must develop its internal weaknesses. This is necessary so that E-embroidery can compete and survive in the embroidery industry.

### Grand Strategy Matrix

Based on the CPM matrix above, it can be seen that E-embroidery has the lowest position when compared to the other two examples of embroidery companies, although there is a slight difference between E-embroidery and Cimahi embroidery companies. Of the three companies, the one with the highest score is the embroidery company in Bandung. This is because the Bandung embroidery company has been established since the 1980s, while E-embroidery has been established since 2005. Thus, the competencies possessed by employees are more qualified, the customers they have are more loyal considering the company’s age is more mature.

However, E-embroidery still has good capabilities because it can compete in the embroidery industry. With these conditions, improvements are needed so that E-embroidery can survive.

#### 3.2. Matching Stage

**IE Matrix**

The table above shows that the internal position of the E-embroidery company is in a reasonably strong position with a score of 3.134. This shows that E-embroidery must increase its internal strengths to reduce its company’s internal weaknesses. This is necessary so that E-embroidery can compete and survive in the embroidery industry.

**Figure 3. IE Matrix**

Based on the IE matrix, it can be seen that the value of the company’s external factors and internal factors is in quadrant I or high. E-embroidery is in growth and builds [8]. Intensive strategy (market penetration strategy, market development, and product development) or integrative strategy (backward integration strategy, forward integration, and horizontal strategy) can be a possible alternative strategy that is right for companies in these conditions.

**Figure 4. Grand Strategy Matrix**

Based on the grand strategy matrix above, it can be concluded that E-embroidery is in quadrant I. Companies in quadrant I have a strategic position [8]. Concentration
on the current market (market penetration and market development) and products (product development) is a suitable strategy. If the company has excess resources, then a backward integration strategy, forward integration, or horizontal strategy can be effective.

TOWS Matrix

**Table 4. TOWS Matrix**

<table>
<thead>
<tr>
<th>TOWS</th>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Flexible product price</td>
<td>1. Lack of human resources</td>
<td></td>
</tr>
<tr>
<td>2. Using the latest software</td>
<td>2. Machines that often experience damage</td>
<td></td>
</tr>
<tr>
<td>3. Loyal workforce</td>
<td>3. The difficulty of scheduling work</td>
<td></td>
</tr>
<tr>
<td>4. Good quality of raw materials</td>
<td>4. Design setting competencies that still need to be developed</td>
<td></td>
</tr>
<tr>
<td>5. Details of the results of good design settings</td>
<td>5. Still color error occurs</td>
<td></td>
</tr>
<tr>
<td><strong>Opportunity</strong></td>
<td><strong>SO Strategy</strong></td>
<td><strong>WO Strategy</strong></td>
</tr>
<tr>
<td>1. The emergence of similar businesses so that they can work together</td>
<td>- Conduct more aggressive marketing activities (S1, S4, S5, O1, O3, O4, O5)</td>
<td>- Perform operating system repairs (W1, W2, W3, W4, W5, O1, O5)</td>
</tr>
<tr>
<td>2. Software that makes the design setting process easier</td>
<td>- Conducting product development (S2, S3, O2)</td>
<td>- Cooperating (W1, W2, W3, O1, O2, O3, O4, O5)</td>
</tr>
<tr>
<td>3. A fairly broad market share</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>4. Consumers’ demand for new designs</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>5. Developing design creativity</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td><strong>ST Strategy</strong></td>
<td><strong>WT Strategy</strong></td>
</tr>
<tr>
<td>1. The price given by competitors is cheaper</td>
<td>- Conduct market penetration (S1, S2, S4, S5, T1, T2, T4, T5)</td>
<td>- Perform operating system repairs (W1, W2, W3, W4, T1, T2, T3, T4, T5)</td>
</tr>
<tr>
<td>2. Unstable economic conditions due to Covid19</td>
<td>- Improve operational performance (S1, T3)</td>
<td>-</td>
</tr>
<tr>
<td>3. Increased raw material prices</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>4. Increasing competitors in the industry</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>5. Consumers easily switch to competitors</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Based on the QSPM matrix above, it can be concluded that the value of the product development strategy has a total attractiveness value of 6.128. This value is higher than the market penetration strategy, with a total attractiveness value of 6.083. The product development in question is an effort to increase the product's added value by utilizing fabric waste. This cloth waste can be utilized by using the remaining cloth that becomes waste into an additional layer of embroidery cloth media to maximize embroidery results.

### 3.4. Operating Strategy

Based on the EFE matrix analysis, the company's external threatening factor is the unstable economic condition due to the Covid19 outbreak, which can be responded to by E-embroidery. Meanwhile, the existing opportunity is that the market share is still quite wide, so E-embroidery makes the best possible use of these opportunities by doing online marketing to introduce their business. With the outbreak of Covid-19, businesses are also required to be able to take advantage of existing media to convey information and introduce their business. Although online marketing is still at the stage of introducing the company, it has not yet reached the stage of online transactions. However, this online marketing can be felt by business actors.

Based on the IFE matrix analysis, the company's internal factor that is the company's weakness is the
difficulties of work schedule. This is due to the frequent occurrence of orders that enter the company incidentally. The company tries to overcome this by collaborating with similar companies if it feels the company cannot handle the order. On the other hand, the company's greatest strength is the result of good design settings. Thus, the company copes with the work schedule with good setting results. The results of a good design setting will reduce product failure, reduce customer complaints, and shorten production time. As already mentioned, E-embroidery responds well to the opportunities and threats in its industry.

### 3.5. Alternative Operating Strategy

Based on the results of the business strategy mentioned above, namely product development, including product innovation, the appropriate alternative strategy for E-embroidery based on Roger G Schroeder's Operations Management book is the second strategy, namely the product innovator strategy. Alternative operating strategies that E-embroidery can carry out are as follows:

1. **Mission**

   Every operation must own the mission because the mission can link with business strategy and be approved by another functional strategy. The missions of E-embroidery are:

   a. Online marketing. Intense competition in the embroidery industry requires E-embroidery to follow the rhythm of the industry. Online marketing demands must be able to follow, considering that in the current era, it will be more difficult to develop if you do not use online marketing, even though online marketing in the embroidery industry is still minimal.

   b. Fast response and friendly service, E-embroidery provides friendly and responsive service. This is because business consumers of embroidery companies usually have more than one embroidery company working together, so they can quickly transfer their orders to competitors if E-embroidery does not implement a fast response.

   c. After-sales service. In addition to services, embroidery companies must also have post-sales services. This is needed in case of damaged or defective products and the possibility of additional materials.

   d. Good quality embroidery. Quality must be considered by E-embroidery because quality is the key to customer loyalty. Although not all embroidery customers focus on quality, no customer is not happy if given a good quality product. Sometimes because of the excellent quality of embroidery, consumers do not mind adding to the budget for the cost of embroidery but with the appropriate quality. This is what makes E-embroidery focus on quality.

   e. Price flexibility, E-embroidery can still adjust prices to the budgets of its consumers, although it focuses on quality. This is done so that consumers can be more loyal, considering the competition in the embroidery industry is very tight, and it is possible for consumers to be able to move and break cooperation.

2. **Distinctive Capability**

   The quality of good embroidery results is not only determined by labor and machines. The primary key to the quality of a good embroidery is the result of a good design setting. The results of the design settings that are said to be good are following the embroidery media. For example, the settings for drill cloth media or cloth materials for shirts with laccos cloth to discuss collared shirts cannot be equated for standard design settings. If you force this, there will be damage to the fabric media, and the embroidery results will not be optimal.

   The process of cloth media embroidery is also not just cloth media, but there need to be auxiliary materials or commonly called hard cloth. The function of this hard cloth is as a layer cloth so that damage due to machine speed can be minimized during the embroidery process. The thicker the layer of cloth used, the better. However, it will interfere with the production process due to broken needles if it is too thick. This is where the advantage of E-embroidery is that by using a layer of cloth with the appropriate thickness. The embroidery results will be maximized.

3. **Objective**

   The costs provided by E-embroidery to consumers are still acceptable to consumers, although according to some consumers, E-embroidery is indeed higher. Nevertheless, the higher price offered by E-embroidery is very much in line with the quality produced. Based on consumer information of E-embroidery, the quality of embroidery produced by E-embroidery can be said to be superior compared to its competitors. In addition to the quality of E-embroidery, it is also flexible in its work schedule due to frequent incidental orders. Then the flexibility of the schedule can complete the incidental order. However, in terms of delivery or timeliness of completion of E-embroidery orders, it is still lacking because it often deviates from the schedule that has been set at the beginning. Due to prioritizing flexibility, it becomes more difficult to complete orders according to plan. Nevertheless, that does not mean that consumer orders are late and consumers complain. Based on E-embroidery consumer information, sometimes schedule adjustments occur within a tolerable grace period to complete final customer orders on time.
4. Policy

Centralization of the production process, such as making the order design settings, the embroidery process, until the finishing process is carried out in the same place. This is done to make the control process easier. The proposed operation for E-embroidery is not only producing products for business consumers but also producing products for end consumers so that E-embroidery has other sources of income apart from its business consumers.

3.6. Interpretation of Research Results

Based on the QSPM matrix data, which is the decision stage, it can be seen that the product development strategy has a higher value than the market penetration strategy. This strategy is appropriate to use because of the intense competition in the embroidery industry. Therefore, E-embroidery can take advantage of this strategy as a means to develop and improve the company's operations and improve the quality of the products it produces.

Furthermore, seen from the alternative operating strategy, E-embroidery is more focused on the product innovator strategy. In this case, the use of waste as an additional layer of embroidery media to produce a higher quality product.

4. CONCLUSIONS

Based on the input stage, the company's external factors that threaten are economic conditions, the opportunities that exist are the market share is still quite wide. Based on the stage of matching the IE matrix, it can be seen that the value of the company's external factors and internal factors is in quadrant I or high. Based on the decision stage of the QSPM matrix, it can be concluded that the value of the product development strategy has a total attractiveness value of 6.128.

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(Case Study at LAZNAS DT in Indonesia)

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ABSTRACT
The purpose of this study is to build a scientific concept that connects the performance of Community-Based Economic Development (CBED) with the ability to build the organizational capacity of the alms Institution through a case study at LAZNAS DT in Indonesia. The research method used was Regression Correlation, Rank Spearman. The data collection technique was carried out by random sampling of 50 plasma breeders who are members of the MKyat - DT Business Unit Program community. The research data were processed using SPSS v 22 software. The study results found that the level of welfare of MKyat breeders was able to influence 73.80% on organizational performance, which means that organizational capacity could be influenced by the performance of community-based economic development built by LAZNAS DT. However, this research needs to be tested in a broader study population to obtain a more precise picture of the role of CBED in improving the performance of ZIS management at alms institutions in general.

Keywords: Building Capacity, Alms Institutions, Management Performance, Community-Based Economic Development Strategy.

1. INTRODUCTION

The alms institution is a community-based charity engaged in the religious field. Building the capacity of alms institutions in collecting and distributing ZIS (Zakat-Infaq-Shadaqoh) funds from muzakki to mustahik is the primary mission of alms institutions which demands the development of an appropriate strategy.

Several studies have shown that ZIS funds' management has a positive and significant relationship in overcoming poverty and improving people's welfare [1]. However, this is not always true because, in several studies, it was also found that the management of ZIS funds did not significantly affect the level of welfare of the people [2]. The gap in this research proves that the variable level of poverty and/or the people's welfare shows the inconsistency of the research results on the measurement of the performance of their fund management.

Regarding regulatory and policy developments, since the issuance of Law no. 23 of 2011 concerning Zakat Management, there has been much confusion in ZIS funds' technical management by various types of zakat management organizations [3]. Through this law, it is explained that zakat management organizations in Indonesia consist of; National Zakat Agency (BAZNAS), Zakat Collecting Unit (UPZ), Zakat Management Organization (OPZ), and Lembaga Amil Zakat (LAZ).

In internal organizational problems namely triggered this condition; LAZ's low performance in the management and management of ZIS funds [4], low transparency and accountability [5], low quality of human resources (amillin) [2], resulting in a lack of technical expertise in managing ZIS funds [6], low intensity and information disclosure on the mechanism...
for receiving and distributing ZIS funds to muzzaki and mustahik [7].

Several problems identified through several research results explain, in general, that the organizational capacity of LAZ in Indonesia is still relatively low [2][8].

On the other hand, the ZIS fund management results organized by BAZNAS also show low organizational capacity. It can be seen in the Table. 1 regarding the amount of receipt, distribution, and balance of ZIS funds in 2014-2016 obtained from BAZNAS Pusat [9].

**Table 1. Amount of Receipts, Distribution, and Fund Balance of ZIS in 2014-2016**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Zakat Received (Trillion IDR)</th>
<th>Amount of Zakat Distribution (Trillion IDR)</th>
<th>Zakat Fund Balance (Trillion IDR)</th>
<th>Percentage of Zakat Fund Balance to Total Zakat Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>69.86</td>
<td>64.26</td>
<td>29.78</td>
<td>42.64</td>
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<tr>
<td>2015</td>
<td>82.27</td>
<td>66.76</td>
<td>45.28</td>
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</tr>
<tr>
<td>2016</td>
<td>97.63</td>
<td>67.72</td>
<td>75.19</td>
<td>77.01</td>
</tr>
</tbody>
</table>

Table image adopted from: Central BAZNAS Financial Report (2018)

The data in Table 1 were obtained from audited Financial Statements issued by the BAZNAS Information and Data Center (PID). It appears that since the last three years, the balance of ZIS funds in BAZNAS has continued to increase. It indicates that BAZNAS is experiencing idle cash, meaning that the amount of ZIS funds available have not been fully absorbed by ZIS fund distribution programs to the mustahik party [10].

This study will attempt to find new indicators that will be used as alternatives to address research gaps in measuring ZIS fund management’s performance, which is reflected in the organizational capacity variable. Meanwhile, the improvement of mustahik welfare will be reflected in the performance variable of the commodity-based economic development (CBED) strategy.

### 1.1. Literature Review

#### 1.1.1. Amil Zakat Institutions (LAZ)

According to [11], there are 5 (five) challenges of LAZ in supporting the sustainability of its organization, namely: 1) strengthening institutions, 2) national zakat arrangements, 3) state incentives for social movements, 4) networks, and 5) consistency [12]. The first challenge, namely institutional strengthening, contains organizational governance elements where transparency and accountability are the most important in increasing public trust in LAZ [13].

In addition, all organizations face pressure from other organizations when dealing with competition and achieving their goals. Nonprofits such as government agencies and charities can collaborate with or conflict with each other to encourage community decision-making to support or not support - each nonprofit has specific views on what constitutes an economic balance and social [14].

Nonprofits also play a crucial role in influencing local communities’ decision-making, particularly those representing views on economic, social, and competitive issues in the political process. However, to have an influential role, a nonprofit organization must have the capacity to build and sustain its financial and socio-political capacity [15].

Building the capacity of community-based organizations in the nonprofit sector is not an easy problem. To better understand the multidimensional concept of organizational capacity is the speed of adapting to all changes in social groups or communities. Capacity building can be cultivated through 3 (three) important elements, namely; (1) sustainable development, (2) civil society and social capital, (3) organizational development and management theory [15][16].

#### 1.1.2. Community

The participatory approach model is usually carried out in one unit known as the community. Most of the literature on development policy uses the term community without qualification to denote culturally and politically homogeneous social systems or systems that are, at least implicitly, internally cohesive and more or less harmonious, such as administratively defined locales (tribal or environmental areas) or a common interest group (community of weavers, potter makers, breeders or farmers) [17][18].

Recent studies have shown that the uncritical adoption of the term community is particularly problematic for participatory projects that seek to empower excluded or voiceless people [19].

Whatever form of a community group is labeled community, it is often an endogenous construct defined by project parameters, the project facilitator, or the nature of administrative boundaries or identity rather than organic form [18][20]. In addition, the effectiveness of participatory strategies can depend on an explicit understanding of local power structures, which limits and enhances the prospects for participatory development [15].

#### 1.1.3. Social Capital

The second key concept frequently mentioned in the literature on implementing community-based...
management is social capital [21]. This term, which is included in the literature on participatory development in Robert Putnam's (1993) work on the North Italian community, has profoundly influenced mainstream thinking about community-based and development driven by equality of culture, activities (social activities), and people's economic resources [22].

Thus, social capital is a supply that people can take to increase their income and be "built-up" to facilitate economic growth and development [23][24]. This version of social capital has been criticized for a variety of reasons, including not caring enough about differences in class and power [23]; ignoring inverse causality, with links shifting from wealth to more group activity than vice versa [22]; and not realizing that it can be both destructive and constructive [22][23].

The resource-based perspective is a common problem for all organizations to find suitable analytical indicators [25]. Most of the Resources Based Theory (RBT) contributions have emphasized that individual resources are a relevant unit of analysis for studying competitive advantage. It means that in its development, RBT has limitations to explain organizational performance in terms of capabilities and competencies. Another theory-gap problem in the RBT concept: the nature of the exogenous value in RBT, which ignores the organization's external factors [26].

According to [27], resources refer to tangible and intangible assets that an organization uses to formulate and implement its strategy. "The word" resource "refers to something an organization can take to achieve its goals; [27] suggests 4 (four) main resource categories: physical, financial, human, and organizational.

The concept of community-based economic development strategy (CBED) can be interpreted as the result of community-based or community-based economic resources that encourage local economic system substitution development [28]. Reference [29] argue that top leaders of nonprofits must have the ability to make management decisions in a dynamic and changing environment (Figure 2.1). At the center of the environmental system mix, there are 3 (three) elements of the main institutional stakeholders that will collaborate, namely: 1) business, 2) government, and 3) nonprofit organizations.

In Figure 1, it can be explained that the three elements of these stakeholders will always relate and react to one another, forming an exchange of ideas, resources, and responsibilities. These three elements' decisions will also be influenced by external forces that continue to move dynamically, such as socio-demographic factors, economic conditions, political dynamics, and changes in societal values and norms [29].

The convergence of these growth factors will create an environmental context in which nonprofit institutions' capacity-building initiatives are concerned [30].

![Figure 1. Environmental Systems Affecting Nonprofit Capacity Building](image)

Environmental factors consistently encourage and attract institutional relationships, as seen in Figure 1. Socio-economic and demographic factors change not only the composition of a community but also its needs and preferences. Single-parent families may require different services handling than two-parent families. The existence of racial and ethnic diversity can add new cultural values to the community [29][31].

The structure of values and norms that develop outside the organizational environment will support and influence the nonprofit organization's internal conditions related to the sense of justice, fairness, and equality embedded in a community [32]. For a nonprofit organization to develop or maintain its organizational capacity, it must successfully control external environmental influences to become a power factor supporting its internal capacity [29][32].

1.1.4. Community-Based Economic Development Strategy

implementing the CBED strategy, the involvement of the government and non-governmental organizations (NGOs) in selecting beneficiaries of poverty reduction programs is becoming increasingly common. Incorporating local wisdom, it is argued, can improve targeting, lower information costs for delivering anti-poverty programs, and ensure better quality monitoring of program implementation [33]. Nevertheless, such informational benefits are possible only if institutions and mechanisms ensure local accountability [34].

Some argue that such institutions are more likely to emerge in highly mobile societies, with a tendency toward homogeneous environments [23]. When mobility is low, societies are more likely to reflect a social order with a long history and deep-rooted hierarchies of power - right where poverty programs are most needed. As a
result, local inequalities in power and authority relations allowed the program’s benefits to be captured by non-target groups as elite groups who enjoyed these facilities due to the proximity of nepotism [17] [30].

A series of studies on social funds, which have become a common mechanism for public service delivery, also provide evidence on the targeting performance of anti-poverty programs. In a typical social fund, community infrastructures is built with local participation in selecting and managing facilities [29] [35].

In many cases, community representatives submit project proposals to central public bodies, which allocate funds based on criteria such as level of community involvement, community capacity for collective action, and other factors affecting the feasibility of projects proposed by communities [36].

Social funding arrangements almost always require funds to be targeted at the poor according to specific targeting criteria and often require co-financing from beneficiaries [14] [29]. Most social funds limit the viable project menu to a number of public goods, usually schools, health facilities, roads, and water and sanitation facilities [29].

Reference [23] assessed poverty targeting in the Peruvian Foncodes social fund using district-level data on expenditure and poverty. They found that the fund, which emphasized geographic targeting, successfully reached the poor but not the poorest districts - better-off households were slightly more likely to benefit than poor households.

The dominant economic approach to collective action on shared resources focuses on the incentives of individuals to contribute, as has previously been studied, has varied results in determining outcomes for personal and group benefits and the effects of the costs of participation that are sacrificed to achieve the vision and mission of targeting [37].

1.1.5. Community culture in Indonesia

What kind of country creates an appropriate enabling environment for community development efforts? An extreme example is applying the concept of mutual cooperation and independence (self-subsistent) by the Indonesian government as the main principles of its nationalist ideology. During the long period of military rule, participation was imposed by the strong state on the local population [28] [38]. Soeharto tried to use the ideas of cooperation and independence to unite various groups in a new country and to provide a form of cultural legitimacy for state control [39]. The state must be very authoritarian, and development must proceed cooperatively and collaboratively [40].

2. METHODS

The methodology used by the authors in this study refers to quantitative descriptive. The research sample was taken using a random sampling technique, and data would be processed with path analysis and regression correlation [41].

The research data obtained will be processed with software SPSS version 23.0 for Window and AMOS 22 by using the analysis of Multiple Linear Regression and Coefficient of Determination (R2) at a significant level α = 0.05 to measure the level of influence of independent variables on the dependent variable.

This research is field research where the data is taken from the Mkyat - DT Program's plasma farmer community, which is domiciled in the Bandung district, with as many as 50 farmer families. Data were collected by random sampling from a total sample population of 80 farmer families who have been registered as members of the plasma farmer community.

3. RESULTS AND DISCUSSION

This research is a descriptive statistical study that describes experimental phenomena as they are. It is used to identify and gather information about the characteristics of a particular problem, such as a community, group, or individual [42]. The descriptive results of this study can be explained in the following sub-chapters.

3.1. Result

In this study, the relationship between the CbER (X) and OrgCap (Y) variables was analyzed using the Spearman Rank correlation method to determine the extent of the influence relationship between the independent and dependent variables [43].

The Spearman Rank correlation analysis results between the CbER variable against OrgCap processed using the SPSS v 23 software can be seen in Figure 2 as follows.

\[
\begin{array}{c|c|c}
& \text{CbER (X)} & \text{OrgCap (Y)} \\
\hline
\text{Correlation} & 1.00 & 0.728 \\
\text{CbER (X)} & \text{Coefficient} & 0.000 \\
\text{Sig (2-tailed)} & 0.00 & 0.50 \\
\hline
\text{OrgCap (Y)} & \text{Correlation} & 0.728 \\
\text{Coefficient} & 1.000 & 0.50 \\
\text{Sig (2-tailed)} & 0.000 & 0.50 \\
\hline
\end{array}
\]

*Correlation is significant at the 0.01 level (2-tailed).

Figure 2. Spearman Rank Correlation Coefficient

From the presentation of Figure 2, it can be shown that the level of relationship between CbER (X) and OrgCap (Y) variables is 0.738 or 73.80%, which means that the CbER (Y) variable can positively and significantly influence the OrgCap (Y) variable.
3.2. Discussion

Based on the results of the Spearman Rank Correlation Coefficient calculation in the Figure 2 shows that the CbER (X) variable can positively and significantly affect the variability of changes in the CapOrg (Y) variable, which is 73.80%. It means that every 1% increase in or-organizational capacity from LAZNAS DPUDT can be influenced by 0.738 from the results of the community resource performance activities (CbER) carried out by the MKyat – DPUDT Business Unit.

The development of the concept of CBED based on universal human values to encourage a process of empowerment, participation, and self-reliance in society cannot be separated from the real conditions and needs of the Indonesian people. Apart from the lack of understanding of the concept of community development itself, it is undeniable that community development is one of the suitable methods to answer social ssues and problems as well as changes in attitudes and behavior in Indonesia at present and the future. Moreover, most Indonesian still apply the communal system, which is a vital asset for implementing community development.

The concept of empowerment results from an interaction process at the ideological and practical levels. At the ideological level, em-powerment results from the interaction between top-down and bottom-up concepts, between growth strategy and people-centered strategy. Whereas at the practical level, the process of interaction occurs through struggles between au-tonomous spaces or between parties who hold power and economic hegemony and marginalized small communities. This means that the concept of empowerment includes the notion of community development and community-based development.

One of the main factors that is the key to empowerment the CBED strategy is the com-munication used. Communication is a dynamic process and involves many elements or factors. The relationship between one element or factor with other elements or factors can be structural or functional. For this reason, the communication model also gives us an overview of the structure and functional relationships of the el-ements or factors that exist in the system.

4. CONCLUSIONS

Basically, studies involving nonprofit organizations in the study of their management have revealed that community support is one of the institution’s external elements, which in turn will have a significant influence in developing the organization [28]. Alms institution, which in essence already has quite strong social capital externally in the form of solid community support, of course, has great potential in developing its organizational performance and ensuring the sustainability of its organizational activities through various activities both religious, entrepreneurial, and community service provision in the field of education, and health [44]. It means that the CBED strategy that the DPUDT has carried out through implementing the Mkyat program, namely a sheep farming plasma program in several areas in Bandung Regency, has been able to positively impact the variability of increasing organizational capacity by 73.80%. In comparison, 26.20% is influenced by other factors not measured in this study.

REFERENCES


The Effectiveness of Strategies to Achieve Customer Loyalty: The Role of Relationship Marketing and Customer Retention

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ABSTRACT
This study aimed at determining consumer loyalty, relationship marketing, and customer retention and seeing the success of the strategies that have been carried out. The method used was causal and descriptive quantitative. The population was JNE customers in the city of Bandung. The sampling technique was carried out using a non-probability sampling method, specifically, the type of probability sampling with as many as 100 respondents who did online business and used courier services at least three times a month. The data analysis technique used is path analysis. The study results revealed that respondents considered JNE's relationship marketing good, while customer retention and customer loyalty were in a good category. Path analysis results show that loyalty can be influenced by relational marketing directly and indirectly through customer retention, which means that the strategy has been implemented properly.

Keywords: Customer Loyalty, Customer Retention, Relationship Marketing.

1. INTRODUCTION

Maintaining customer loyalty is one of the important elements that determine the success or failure of a company [1], [2], and [3]. Good customers are company assets that, if handled properly, will provide income and long-term for a business [4]. In addition, loyal customers are profitable customers because companies that successfully develop strong relationships with customers will get many benefits in the long term where it will be difficult for competitors to place the company's position in the hearts of customers [5]. In this case, in the service company, long-term success is basically determined by the ability to acquire and retain large service companies and loyal customers [6]. In other words, the key to the continuity and growth of a service company is the ability to develop and maintain customer loyalty, or it can be said by creating long-term relationships with customers [7].

Reaching new customers is more manageable than retaining old customers [4]. For customers who are actively looking for various goods or services, this attitude will complicate the loyalty formed by customers. At the same time, customer loyalty is one of the brand assets that shows the high value of barriers [8].

Previous research [9] revealed that relationship marketing is the strategy to attract, retain, and improve customer relationships. [10] defines the term as a strategy in which managing interactions, relationships, and networks are fundamental. Relationship marketing has the goal of building, maintaining, and improving relationships with customers and other partners, with profit, so that the objectives of the parties involved are met [11] and benefit the company and customers [12].

According to [3], there are two kinds of strategies for finding new customers and strategies for retaining existing customers, namely customer retention. Understanding customer retention is not only from the company's point of view but also from the consumer's point of view. Customer retention is used as a driver to increase market share and revenue [5]. That is to drive customer behavior or change the characteristics of
customers to be loyal or have a solid long-term relationship with the company [6].

This study takes the object of PT Tiki Jalur Nugraha Ekakurir (JNE), a company engaged in the logistics and courier service business. Furthermore, currently, this business is growing along with the growth of the online business, so it impacts the presence of companies that offer logistics and courier service businesses

JNE carries out a relationship marketing strategy by gathering with online shop owners, who have become JNE customers and are among the most frequently used JNE services. In this event, it is also used as a means for JNE to get to know customers more closely, including suggestions from their customers.

JNE has implemented a strategy to retain its customers. Among them is technology development, both in technology and infrastructure to support company operations. The goal is that JNE can meet the needs of retail and corporate customers, as well as all JNE customers. This strategy is carried out because customer needs in package delivery continue to grow, both in type, size, and quantity, which is caused by various factors, including the rapid growth of SMEs, e-commerce, and various things related to fintech technology.

However, the strategy that JNE has carried out does not guarantee that online business people will always be loyal to the company because online business people want to try and experience the services offered by competitors. This is based on a survey conducted by the author on 30 online players in Bandung; it turns out that more than 40 percent of customers will switch to competitors if they get a lower price offer, besides that 40 percent of customers will not use the product line offered by JNE. This result is in line with one of the studies conducted by Hoffman & Bareson [13], which states that an average of 65 percent to 85 percent of customers switching to other brands are actually "satisfied" or "very satisfied" with their previous service provider. Factors that cause them to move include looking for other variations, curiosity, and the need to change to overcome boredom with the brand.

The aims of this research are: 1) to identify and analyze relational marketing, customer retention, and loyalty from customers, especially from online businesses in Bandung; 2) to determine the effectiveness of the strategy implemented by JNE in the city of Bandung.

1.1 Literature Review

1.1.1. Relationship Marketing

[14] said relationship marketing is a process for creating, maintaining, and enhancing strong relationships with customers and other stakeholders where the dimensions include trust, communication, and conflict handling abilities.

1.1.2. Customer Retention

[5] define customer retention as a marketing goal to prevent customers from moving to competitors. The strategy of retaining customers is vital for companies in facing increasingly competitive market competition where the dimensions are Financial Benefits, Social Benefits, and Structural Ties.

1.1.3. Customer Loyalty

[15] states that customer loyalty is a commitment held by customers to consistently buy or prioritize a product in the form of goods or services. This causes repeated purchases of the same brand, even though the customer gets situational or marketing influences from competitors to switch to another brand where the dimensions include Recommendations, Purchases, Repurchases.

1.1.4 The Relationship Between Relationship Marketing, Customer Retention, and Customer Loyalty

Previous research in marketing support relationship marketing, which is associated with customer loyalty, such as trust [16]; [17], commitment [18], commitment [19], and communication or sharing of secrets [20]. Research on relationship marketing, such as that conducted by [21] in Malaysia, shows that relationship marketing positively affects customer loyalty. Several researchers later supported these results despite having different research objects, including [22] with the object of research at Zemen Bank; and [23] with the object of research on the Vietnamese cosmetic market.

Relationship marketing influences customer retention as the result of research [24] in Pakistan, with the object of research being Mobile Service Providers. Likewise with research [25] in Bandung City, Indonesia, which gives the results of relationship marketing has an influence on customer retention Sweety consumers.

Customer retention influences customer loyalty, as revealed from the research of [26] in restaurants in Ghana. Likewise with researcher [13], whose research results show that customer retention influences customer loyalty of Bank Mega customers in Malang City

1.1.5 Framework

The research hypothesis can be described as follows:

H1: Relationship Marketing has a direct influence on Customer Loyalty
H2: Relationship Marketing has an indirect effect on Customer Loyalty through Customer Retention

Figure 1. Framework

2. METHODS

The type of research used in this research is descriptive and causal research and uses quantitative methods and descriptive studies. The variables used are relationship marketing as an independent variable, with Customer Retention (Y) as intervening or mediating variable, and Customer Loyalty (Z) as the dependent variable.

The population was JNE customers in Bandung, where the exact number of customers cannot be known with certainty by JNE. This is because no business actors register themselves as "members" of JNE. Sampling was carried out using the Bernoulli formula because the data did not exist, so 100 samples were obtained.

The sampling technique used is the non-probability sampling method, namely the type of probability sampling with the classification that the samples taken are online businesspeople and have used JNE courier services at least three times a month.

Questionnaires distributed to respondents used Likert measurements with a point scale of 1 to 5. While in terms of testing, this research used validity and reliability tests with the analytical method used, namely path analysis.

The path analysis model is an econometric model used in research and data management using SPSS version 25. The path analysis model is used to analyze the pattern of relationships between variables to know the direct or indirect effect of a series of independent variables (exogenous) on the production variable (endogenous). The path analysis model proposed is a causal relationship pattern.

3. RESULTS AND DISCUSSION

Validity and reliability tests were carried out on 30 respondents, and after the results were valid and reliable, distribution was carried out to 100 respondents. The results of testing all statements are declared valid and reliable, according to the criteria that the validity value is declared valid if $r_{-\text{count}} \geq r_{-\text{table}}$, while a variable is said to be reliable if Cronbach's alpha value $> 0.6$.

3.1. Result

Table 1. Description Analysis

<table>
<thead>
<tr>
<th>Percentane</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship marketing</td>
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</tr>
<tr>
<td>Customer retention</td>
<td>67.6</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>65.6</td>
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</table>

Table 2. Path Analysis 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beta</td>
<td>Beta</td>
<td>Beta</td>
<td></td>
<td></td>
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<tr>
<td>(Constant)</td>
<td>2.021</td>
<td>8.754</td>
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<tr>
<td>Relationship Marketing</td>
<td>0.030</td>
<td>0.419</td>
<td>4.143</td>
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<tr>
<td>Customer Retention</td>
<td>0.013</td>
<td>0.237</td>
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</table>

a. Dependent Variables: Customer loyalty

Table 3. Path Analysis 2

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<td>(Constant)</td>
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<td>Relationship Marketing</td>
<td>0.752</td>
<td>0.587</td>
<td>7.174</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a. Dependent Variables: Customer retention

From tables 2 and 3, the relationship between each variable studied is as follows:

Figure 2. Path Analysis Model

3.2. Discussion

Customer assessment of the overall relationship marketing strategy (table 1) that has been carried out by JNE shows that the implementation of the strategy has been good. Although there are shortcomings in handling customer complaints, it does not reduce the overall assessment of the implementation of relationship marketing.

The customer retention strategy developed by JNE was considered quite good by the respondents (Table 1). This result, the implementation carried out by JNE, is likely to be almost the same as that carried out by similar companies.

The loyalty of online business actors to JNE turned out to be in the adequate category (table 1). These results
can be interpreted that those business people have alternative choices of courier services other than JNE, so they can quickly move to other companies. As stated by [27], the selection of courier and express services by online businesses is primarily determined by the business owner. Furthermore, loyalty becomes difficult because Hoffman & Bareson [13] states that, on average, 65 percent to 85 percent of customers switch to other brands even though they are "satisfied" or "very satisfied" with their previous service provider.

Relationship Marketing can directly affect Customer Loyalty (figure 2). This shows that the strategy was carried out. Furthermore, it can be used by JNE in building long-term relationships with its customers. These results are in line with research from [23], [22], and [21], which state that Relationship Marketing has a significant effect on Customer Retention.

Figure 2 also shows the study results that Relationship Marketing has a significant effect on the Customer Loyalty variable through the Customer Retention variable. This means that the Relationship Marketing strategy implemented by JNE can be used to maintain online shop actors to continue using JNE services in the city of Bandung.

Relationship marketing has a role in consumer loyalty, either directly or indirectly, through customer retention as an intervening variable. The magnitude of the direct effect is 0.419, while the magnitude of the indirect effect must be calculated by transferring the indirect coefficient, namely (0.587) x (0.237) = 0.138. The data shows that the coefficient of direct relationship is > from the coefficient of indirect relationship (0.419 > 0.138). These results indicate that the relationship marketing strategy will have a more significant influence on the company in reaching customers.

4. CONCLUSIONS

The respondents consider the marketing relationship good, meaning that the JNE strategy is considered good by consumers, while customer retention and customer loyalty get an adequate rating. Relationship marketing directly on customer loyalty or indirectly through customer retention has a good influence on implementing JNE's service strategy in retaining its customers in the long term. Handling consumer problems still has shortcomings for consumers, so evaluation is needed, especially the knowledge possessed by employees of products or services.

ACKNOWLEDGMENTS

Thanks are conveyed to JNE and respondents from online businesses in the city of Bandung who have assisted in the implementation of this research.

REFERENCES


The Effect of Vocational School Leadership and Educational Innovations on the Culture of Innovation

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ABSTRACT
The study aims to determine the effect of leadership implemented in vocational schools on the culture of innovation. The study expanded the empirical overview on vocational school principals’ role in implementing educational innovation to improve the culture of innovation. The quantitative research method was used as the background of the study that can be developed for further research. Linear regression was implemented as the technique of data analysis. The data were collected through observation, interview, and questionnaire. The research uses primary data and simple secondary information from random sampling as the technic of research examples. The respondents as the source of the research are 50 vocational school principals in Bekasi. The result showed that, partially, leadership and educational innovation positively and significantly affect the culture of innovation.

Keywords: Leadership, Vocational School, Educational Innovation, the Culture of Innovation.

1. INTRODUCTION
Changes may happen to us and the environments around us unavoidably. The change is close to the dynamic environment. It may change at any time and at any place. Being adaptable to time is the primary key to surviving, especially in the academic world as the former institute of the future generation.

Innovation has always been needed, primarily in education, to overcome the problems in the range of education and the problems that can affect sustainability in education [1]. Vocational education is one of education that prioritizes appropriate expertise as it is ready-to-use in the industrial world. The Industrial Revolution 4.0, with its six primary foundations (digital society, sustainable energy, smart mobility, healthy lifestyle, civil security, and workplace technology), are the effort gained from the capacity of the performance of the vocational school and its culture of innovation. Besides, the Society 5.0 era results from the Japanese prime minister Sinjo Abe’s formula in March 2017 in Hanover, Germany. At that time, Japan experienced a reduction in the productive age population. Society 5.0 is the step Japan took to improve the condition [2].

Society 5.0 is the solution of Industrial Revolution 4.0 where the paradigms in society that Industry 4.0 utilized high-tech machines can reduce the amount of work done by human labor. So, the hopes on Society 5.0 that can create new values with the development of high technology can reduce the gap between human and economic problems in the future [3].

Now, vocational school as the icon of a school that can produce ready-made-workforce in industry, of course, must be capable of producing graduates as the answers for Industrial Revolution 4.0 and Society 5.0. Aiming the result, organizational governance in school cannot be missed to produce school performance and the culture of innovation within.

The leadership undoubtedly influences the culture of innovation in the school itself. Another influence is educational innovation implemented in the blended learning process that combines the curriculum of educational institutions and the need of the industrial world. Also, the collaboration between the school as the educational institution and the industry as the user of vocational school-graduated is also important. This is meant by the form of dual system implementation
between the vocational school and the industry as the form of educational innovation in the vocational school.

A strategic leader must be capable of anticipating the change of environment in the future and be flexible to change strategic leadership effectively. The leader can determine the strategic direction, utilizes and maintains core competencies, develops human resources, maintains an influential organizational culture, promotes the ethical practice, and creates a balance the control of the organization [4].

The six pillars above are undoubtedly crucial for leaders to manage vocational education in addition to the ability to manage the organization to keep innovating and have a good partnership with the industry. So, the school can survive with the adaption on the dynamic in the education. It can affect the achievement of educational innovation in the school the principal leads. Hopefully, the school can implement the culture of innovation into the institutions to be the answer to the sustainability of each question as challenges in times to prepare well the graduates. The number of graduates absorbed in the world of work is the answer to successful innovation and organizational management done by the educational institutions so that the culture of innovation is measured.

Based on the background, the study is done to measure how far the vocational school leadership and educational innovation can improve and build the culture of innovation in the vocational school in Bekasi.

1.1. Review of Literature

1.1.1. Leadership

The leader in an educational institution, especially in vocational school, is the primary milestone determining the institution's success [5]. A leader has to be able to read the future, be flexible with the change and able to determine strategic direction, utilize and maintain core competencies, develop human resources, maintain an influential organizational culture, promotes ethical practice, and create a balance the control of the organization.

Now, educational institutions must be qualified to maintain their existence to survive during a very tight competition. Quality is a must and must be mandatory in an educational institution [6]. In order to achieve the quality, the institutions must be able to optimize the function and role of all of the educational resources, physical facilities, infrastructure, and human resources owned by others [3].

The role of leadership in organizing the institutions becomes a priority in the educational achievement of the institutions.

1.1.2. Vocational School

As a part of the National Educational System, vocational school is oriented to form life skills as training the students to master skills needed by the world of work [1]. Therefore, life skill education in vocational school has a main task to train the students in mastering a skill professionally in a particular expertise, to prepare them to have both critical thinking and high-value commitment to make them ready to mingle with the society which is multicultural, multireligious, and multiethnic [7].

The students follow the school education and choose their degree in the hope of success in the world of work. However, the aspect of success from the job market is the ability to utilize what they got from school for their future job. The number of schools is only the way to consider the suitability between school and industry. Workers may not be suitable with the appropriate grade, yet the type of school is inappropriate. Besides, most of the studies related to the phenomena of work educational incompetency view on the education grade [8].

1.1.3. Educational Innovation

Organizations can be sustainable in a dynamic environment that constantly changes, so they need to grow and innovate continuously without stopping [9]. Continuous innovation defines innovation that is done endlessly in any aspect and always is flexible with the development of times. Now, the development of times changes the world as borderless without any country restriction and territories.

This is the consequence of globalization and the revolution of information eras, which causes competition in free and in many aspects, including employment. No exception, all sectors are encroached by globalization.

Innovation is an idea, practical things, method, ways, and goods made by humans observed and felt like a new thing for someone or a group. The new thing can be a discovery or invention used to achieve particular purposes and solve problems, especially in the educational field.

Innovation is an idea, practice, or artifact that comes as new for a relevant unit. Innovation is an object. The change is a part of the response to the situation. In a situation, a creative process is needed to create an invention. However, not all invention defines innovation since not all groups of individuals, both formal and informal, suppose a new thing as a new thing [10].

Innovation is a creative process in choosing, organizing, and utilizing human resources and materials in new and unique ways that produce a higher achievement for setting goals and objectives [10]. This is how important innovation in the educational world is, for vocational school especially, which develops quite
dynamically. Innovation will bring a good adaptation in every change.

1.1.4. The Culture of Innovation

Artificial intelligence will not only give us a subversive challenge but also open us chances to innovate [11]. Every educational institution has a particular unique culture. The institutions need to keep developing a creative and innovative culture of institutions.

Culture is a continuous habit, confidence, and practice. The development of the culture of innovation will be better when they are done together. However, the development of innovation culture also finds obstacles in the individual from the institutions. For instance, the attitude of pushing on change, even the individuals aim to focus on a particular specialization. They may think of innovation as a risk with uncertainties.

Nicolas Lee stated about five things that have to pay attention to in building the culture of innovation: thinking forward, giving chances to try new ideas, updating the development of technology, giving awards for the teachers or academic staff who have a new idea and bravery to take a risk [2].

Innovation can be born from a simple and creative idea. Instead, it ends if it is not realized and manifested. Culture in institutions is a value whether it can be an obstacle or success of innovation.

2. METHODS

The study used descriptive quantitative by using primary and secondary data with multiple linear regression. Multiple linear regression evaluated the effect of two or more independent variables (explanatory) towards a single independent variable. The model assumed a linear connection between the dependent variable with each of its predictors [12]. The primary data was taken from a direct interview with the vocational school principals in Bekasi as the research respondents, and the secondary data was taken from particular institutions.

3. RESULTS AND DISCUSSION

The result of the data was analyzed by Multiplied Linear Regression, with the equation,

\[ Y_i = \beta_0 + \beta_1X_{1i} + \beta_2X_{2i} + \beta_3X_{3i} \]  

(1)

Table 1. T-Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the data analysis stated in Table 1 below, the result showed the regressive equation as,

\[ Y = b_0+b_1X_1+b_2X_2+b_3X_3+...+b_nX_n \]

(2)

\[ Y = 1.656+0.405X-0.091X_2+0.976X_3+error \]

The regressive equation showed the connection between independent and dependent variables that is partial.

1. Constant value or constantan as 1.656, shows that if there is no change in Leadership, Vocational School, and Educational Innovation variables, that Culture of Innovation (Y) in schools is valued as 1.656 units.

2. The regressive coefficient value of leadership is 0.405, which means that Leadership (X1) increases by 1% with the assumptions of Vocational School, Educational Innovation variables and constantan in 0 (zero), as the Culture of Innovation in school increases 0.405 per unit. This defines that the Leadership variable contributes in POSITIVE value to the Culture of Innovation, as the better the leadership is school is, the higher value the Culture of Innovation is.

3. Vocational School regressive coefficient values as -0.091, means that Vocational School variable (X2) increases by 1% with the assumptions of Leadership, Educational Innovation, the constantan as 0 (Zero), so the Culture of Innovation variable decreases as 0.091 per unit. The result shows that the Vocational School variable contributes in NEGATIVE value to the Culture of Innovation, as the better Vocational School is applied, the lower the Culture of Innovation is.

4. Educational Innovation regressive coefficient value is 0.976, which means that the Educational Innovation variable (X3) increases by 1% with the assumptions of Vocational School, Educational Innovation variables, and constant as 0 (zero), that the Culture of Innovation increases as 0.976 per unit. The results show that Educational Innovation contributes in POSITIVE value to the Culture of
Innovation, so the more Educational Innovations are applied, the higher the Culture of Innovation is.

Table 2. F Test (Simultaneous Test)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>874,888</td>
<td>3</td>
<td>291,629</td>
<td>45.880</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>292,392</td>
<td>46</td>
<td>6,356</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,167,280</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Culture of Education
b. Predictors: (Constant, Leadership, Vocational School, Educational Innovation.

The result of the F test in this study was calculated from the F value as 45.880 with the numeric significance 0.000. The significance level comes 95% (α =0.05).

Table 3. Determinate Coefficient

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. error of theEstimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.866</td>
<td>0.750</td>
<td>0.733</td>
<td>2.521</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Leadership, Vocational school, Educational Innovation

Based on the comparison, Ho is denied that those three variables, Leadership (X1), Vocational School (X2), and Educational Innovation (X3), have a significant influence on the culture of innovation.

The result of table 3 means that R2 Adjusted value as 0.733. This interprets as 73.3% of types of the Culture of Innovation can be explained with the number of Leadership (X1), Vocational School (X2), Educational Innovation (X3), other factors regrant as the leftover research analysis. The result is described in Table 1.4 below.

4. CONCLUSIONS

The F test gained the hypothesis that the three variables, Leadership (X1), Vocational School (X2), Educational Innovation (X3), as a whole have effects on the Culture of Innovation with F values as 45.880, significances as 0.000. The determinative coefficient (R2) resulted in 0.730 or 73%. The result of the test showed that Multiplied Linear Regression as the equation,

\[ Y = 1.656 + 0.405X1 - 0.091X2 + 0.976X3 \]  (3)

The result of the data equation showed that Leadership at Vocational School and Educational Innovation significantly influence the culture of innovation simultaneously.

ACKNOWLEDGMENTS

I would like to thank the Rector of Universitas Pendidikan Indonesia and all the School of Postgraduate Studies lecturers. To Fitrah Hanniah Islamic Vocational School, thank you for all the support given on finishing the dissertation.

REFERENCES

The Implementation of Digital Transformation on Improving Public Services

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ABSTRACT
This study aimed at determining the extent of digital transformation by the Ministry of Agrarian Affairs and Spatial Planning in improving public services, so it is hoped that this research can measure the impact of digitization on public services. This study applies a qualitative method with a descriptive approach. The data was collected through observation, documentation, and interviewing sources. The data analysis was carried out through data reduction methods, presentation, and conclusion.

Keywords: Implementation, Digital Transformation, Public Services.

1. INTRODUCTION

Digital transformation is urgently needed to encourage the presence of Evidence-based Policy to address various development issues that include the impact of the Covid-19 pandemic [1]. The pandemic has become an accelerator of digital transformation where the Electronic-Based Government System not only can provide long-term benefits through a culture of innovation that is built-in bureaucratic machines and a hefty increase in effectiveness [2].

Various activities in the new normal era also experienced changes. Before the Covid-19 epidemic, the public service industry operated traditionally; online activity is now being prioritized. This kind of transformation has led to the acceleration of e-Government development in government agencies. In addition, facing the new normal regulation, the implementation of e-Government becomes very important. However, several things must support its implementation. First, the commitment of leaders, leaders together with service providers must be committed and take policies. This policy provides excellent service and presents electronic-based public service innovations (e-service). Public policy is about whatever government choose to do or not to do.

Deputy II of Presidential Staff Office, Abetnego Tarigan, as quoted from online news (https://www.ksi-indonesia.org/id/wawasan/detail/2322-tranformasi-digital-dorong-kebijakan-berbasis-bukti), sees that literacy is a crucial aspect of digital transformation. The community will not implement any system or application unless literacy efforts accompany it. Another aspect is trust in the use of digital applications. Many community representatives still feel the need to conduct in-person hearings because they do not trust the response to complaints through digital channels. In addition, many provisions were drafted to be better serve the bureaucracy than the public, thus making it unfriendly to users. The sustainability aspect is also important because many government applications are stuck because they are not used. Therefore, he believes there needs to be an incentive and disincentive policy to encourage digital transformation.

Despite the numerous hurdles that must be overcome to encourage the government's digital transformation, every stakeholder present agreed that the change must be accelerated. It is because governments are rapidly being forced into a digital future and taking advantage of significant opportunities to advance the knowledge and innovation ecosystem with technology, collaboration, and co-creation. Of course, when the pandemic ends, the government needs to avoid going back to the old governance, processes, and circumstances. The pandemic has become an accelerator of digital transformation. The long-term benefits of an electronic-based government system include a culture of innovation built into the bureaucratic machine and a significant increase in its...
effectiveness, as well as fast and consistent policy-making based on data that leads to better public services and reduces the gap between government and citizens [3].

According to the Ministry of Communication and Informatics-Bureaucracy reform, one of them is realized through the acceleration of the intensive and massive application of information technology support. Therefore, digital transformation in public services must be followed by a change in mindset. "This is crucial not only to change services to online or by using digital applications but also to be followed by behavioral changes," said Vice President K.H. Ma'ruf Amin. He said it in opening the 2020 National Personnel Coordination Meeting (NPCM) organized by the National Civil Service Agency (NCSA) via video conference at the Vice President's official residence, Jl. Diponegoro No. 2, Jakarta, Thursday (17/12/2020).

It can be concluded from the data that the Indonesian has begun to lead to the digital era. One of the benefits for the community is that they can access information about politics, economic developments, government performance, and public services. Moreover, nowadays, with the high mobility of society, the government is also increasingly required to lead to digital-based services. In reality, the availability of information by the government has not met the community's expectations.

Good land data management and information have a crucial role in realizing sustainable national development goals. This activity is an integral part of realizing good governance. The implementation of public services in several service sectors is still considered low. It includes the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency.

The evidence is the number of complaints and complaints from the public through print media, visual media, social media, and reports to the Land Office/Regional Office and the Inspectorate General [4].

Public services are emphasized to serve the community without complicating the bureaucracy and administration. Nevertheless, the reality that arises today is different from what was desired. National Land Agency services uphold justice for consumers, certainty, ease of administration, and bureaucracy to provide prosperity have been replaced by services that are unsupervised or without demands, without a purpose so that what remains is only services that are beneficial and detrimental to certain parties [5]. As one of the bureaucratic institutions in Indonesia, National Land Agency is required to manage to carry out services properly considering the condition of public services in Indonesia that is still quite bad. Bureaucratic problems such as services that are complicated, slow, expensive, and full of CCN (Corruption, Collusion, and Nepotism) practices still exist today and are very difficult to eliminate. As a result, community satisfaction with public services tends to be low.

The phenomenon shows that technological developments are increasingly sophisticated. Nearly everyone can use or obtain information using sophisticated technology. Moreover, almost all company employees or government agency employees have used technology to acquire information so that employee performance continues to run well.

The Ministry of Agrarian Affairs and Spatial Planning has made various efforts to improve services through improving service performance, improving service standards, and creating service innovations. It is significant because there is still a paradigm in society that land services tend to be complicated. In addition, the process takes a long time, lacks transparency, and is expensive (Research and Development Agency, Ministry of AASP/NLA, 2018).

This study intended to determine the influence of digital transformation on the quality of services in the Cirebon District Land Office. For the government, this research is beneficial so that the government, both central and local authorities, can take the right policies to create good and quality public services.

2. METHODS

A fundamental difficulty is that digital transformation as a public service innovation must be thoroughly understood using scientific thinking. Therefore, this study used descriptive qualitative methods to clearly describe the research problem about the effect of digital transformation in public services in Cirebon District. Furthermore, data were collected by correspondence and interview, investigating all published articles in the field, searching by journal instead of topic across all relevant scientific journals [6], online media, and official news portals.

3. RESULTS AND DISCUSSION

3.1. Implementation of the Ministry of ATR/BPN's Digital Transformation

The Ministry of Agrarian Affairs (AASP/NLA) has carried out several activities related to the implementation of Information and Communication Technology (ICT), such as the implementation of Land Office Computerization (LOC), which began in 1997 and has now undergone its third change. (LOC 2B), the application of Larasita is a mobile service (community pick-up service) which was the development of the KKP in 2006 and is still under development, as well as the making of the Grand Design of ICT for NLA, which was carried out in 2007. The preparation of the Grand Design for ICT is one of the planned efforts to develop
information and communication technology in supporting the successful implementation of the strategic plan of BPN RI [7].

Furthermore, the Land Office Computerisation (LOC) system was created, namely a computerized land service system, so that data on land parcels, both textual and spatial, could be well integrated. Land Office Computerisation is applied to maintain textual and spatial data and monitor land services. LOC-Web was built as an answer to overcome the weaknesses of the LOC-Desktop application. The built web-based application makes it easier for LOC-Web administrators to maintain and maintain applications (National Land Agency [8]. The Ministry of Agrarian Affairs website continues to be developed. In addition to being a medium of information, the community can utilize several service features. These features include field maps, Gistaru, JDIH, Statistics, Siwastek, touch my land.

The activities of managing complaints and public complaints are carried out one door by the Public Relations Bureau by utilizing social media and will be distributed to related departments according to the material for complaints and complaints from the public.

In addition to system development, training for human resources in the central and regional Ministry of Agrarian Affairs is carried out related to systems and applications built to improve skills in operating these systems and applications.

3.2. Impact of Digital Transformation on Public Services

3.2.1. Performance Improvement

Digitization activities are implemented to support land registration, measurement, mapping, land data storage (warkah), and land administration activities. According to the Principle of Continuous Information System Development (PCISD), application development adapts to the existing system [9].

The next stage is land data storage. In this case, there are obstacles related to the need for space with the number of files that come in every year. This impacts the process of searching and distributing documents, which will take a long time, especially if the documents are not stored regularly.

Land Office experiences these issues with numerous land parcels, both from the first land registration process and the maintenance of land registration data. Coupled with the government program, namely the Complete Systematic Land Registration in every district and city land office with such a large target, it also produces numerous land documents.

The Ministry of Agrarian Affairs as a public servant requires a change to the manual system running to store and manage land documents commonly referred to as land certificates. In the case of land data, it is regarded as ineffectual and inefficient because transmitting documents procedures takes time and energy [9].

The Ministry of Agrarian Affairs has digitized land data, also known as warkah, to resolve the problem of archiving land data. The digitization of warkah will save space, make it easier to find and distribute land data, and improve governmental services. Currently, only about 0.5 (percent) of land documents in Indonesia have been digitized.

3.2.2. Public Service Improvement

The digital transformation of the Ministry of Agrarian Affairs will impact improving public services. The digitization process will affect service standards, namely the time and service procedures. The driving factors that gave rise to this idea are the so-called technological push and societal pull.

The demands of the development of the digital era make many people want access to effective and efficient information; people expect them to be able to get information without having to wait long or go through convoluted procedures and do not save time, cost, and energy [10].

According to the results of the Ministry of Agrarian Affairs' 2018 RDA survey, the lowest-scoring service aspects are time, procedures, facilities, and infrastructure of service. These three components are the most important to optimize community satisfaction regarding land services. There are improvements to Service Time, Procedures and Facilities, and Infrastructure elements.

The public frequently complains about the lowest value in the service time form (70.62) since most of it does not meet the stipulated time requirement from the time the file is submitted through the counter and the time the product is done and ready to be picked up. It is a public complaint and makes the community less sympathetic to the services of the Land Office because they are considered unable to complete the work by the time specified in the regulations (www.atrbpn.go.id).

In addition, it is necessary to provide appropriate and accurate service information to the public regarding the requirements that must be met so that the community does not have to come several times to complete the requirements. The Land Office Service has various services in which their procedures and outcomes vary; if possible, it is necessary to review more straightforward steps.

Digital transformation supports the improvement of public services. Service Standards of the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency, hereinafter referred to as SP Ministry of AASP/NLA No. 4 2017 Article 1, is a guideline for
providing services to the community in the context of quality, speed, ease, affordability, and measurable services. Article 2 (two) SP of the Ministry of ATR/BPN, as referred to in Article 1, includes a. requirements; b. procedure; c. term of service; d. fees/tariffs, e. service products; and f. handling complaints, suggestions, and input. (www.atrbpn.go.id)

The factor that influences the public service standard of the Ministry of Agrarian Affairs is the digitization of land data. All land documents will be stored electronically. One of the benefits of digital warkah over those that are still managed manually is that the search for warkah is faster than manual searches, and the amount of space used for warkah storage can be reduced (www.atrbpn.go.id)

Digitizing land data or warkah is the key to improving public services. Digitizing land data will provide convenience in searching and distributing the data related to the files submitted by the public. Previously, the average service at the land office was 30 files per day with digital data, up to 50 files per day (www.atrbpn.go.id)

In addition to land data, the Ministry of Agrarian Affairs develops online services related to service information and procedures. It will provide convenience to the community so that the service time can be practical according to the service standards of the Ministry of Agrarian Affairs.

The application of online services intends to optimize operational efficiency by lowering costs for both the organizers (government) and the community. Fast service will be very effective in addressing a crisis or problem. Then it can be addressed and managed relatively quickly.

In addition, electronic services will also increase the rating of the ease of providing services. The impact of this will be to improve services. The service process is electronic, online, real-time, and accurate, making it easy for the community to relate to land services.

4. CONCLUSIONS

Generally, the Ministry of Agrarian Affairs service time is the element that people complain about the most. Digital transformation is a necessity to improve the performance of public services. Digitization of land data or warkah provides convenience and speed in finding and distributing the files needed under service submissions by the community. The land data is the key to improving public services.

REFERENCES

Factors Affecting Start-up Performance
A Literature Review

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ABSTRACT

This research was conducted to identify factors contributing to start-up performance. In a knowledge-based economy, start-ups in technology can significantly contribute to the development of the economy and society. However, study about the performance of technology startup fragmented into several domains such as Information Technology, Information System, Business and Management, and another domain. Moreover, the performance of established firms and start-ups is quite different. Therefore, a study about their performance is needed. The semi-systematic literature review method was used to collect and select articles that study startup performance from leading publishers. 4,063 articles were screened and selected so that there were 42 articles analyzed in this study. With descriptive analysis, found as many as 58 factors that affect performance. The most studied factors are at the organizational level, especially strategy and capability. This research provides scientific contributions, especially in strategic entrepreneurship, and provides managerial implications for startup managers in identifying factors that affect startup performance.

Keywords: Start-Up, Born Global, Performance, Factors, Systematic Literature Review.

1. INTRODUCTION

The rise of the startup industry globally cannot be separated from the various contexts that occur or are behind it. The economic context develops from commodity, product, service to value-based [1]. Then the development of information technology, especially digital technology, to the blurring of the physical and digital layers in human life today, or what was then called the Industrial Revolution 4.0. This economic trend can also be seen in the list of companies with the most significant value worldwide in 2020, dominated by technology-based companies [2]. These various things accompany the rise of the startup industry around the world. Globally from 2016 to 2018, the startup industry had an economic value of USD 2.8 trillion with a growth of 20.6% [3]. The valuation of startups with unicorn titles (startups worth more than one billion USD) as of January 2021 is cumulatively at 1.645 trillion USD [4].

The startup is an implementation of entrepreneurship. Entrepreneurs and their startups have an essential role in the economy, namely in job creation, wealth creation, and fostering innovation for the industry [5], thanks to their speed of response, growth orientation, and high flexibility [6]. In a knowledge-based economy, technology-based startups can significantly contribute to the development of the economy and society [7]. Compared to legacy companies, startups have an advantage in speed of operation and bringing their business model to market [8].

Firm performance is a fundamental topic in strategic management [9]. Firm performance is seen as a reference or measure used in evaluating firm strategy [10-12]. Firm performance is the end result of activities, including the tangible results of the strategic management process [11]. In general, there are two dimensions involved in firm performance, namely financial and non-financial [10-12]. According to the context, different emphasis can be placed according to the context in which it occurs. Financial performance can be used in large or established companies, but for new ventures or startups, given the limited resources, the financial aspect is not a priority aspect in terms of firm performance [13,14] but more to growth [15]. Research on startup performance has...
increased from 1994 until recent years but is still inconsistent and fragmented into several domains, both scientifically and empirically [16]. A study by [16] has succeeded in formulating a model for startup performance using data from three sources, namely EBSCO Business Source, Emerald, and Science Direct. To get a more comprehensive picture of startup performance, it is necessary to complement the sources from other databases.

This research was conducted using more databases from several leading scientific publishers to complement the above gap. The primary purpose of this research is to answer the question: what factors affect startup performance? Using a systematic literature review, it is hoped to help academics and practitioners understand the factors that affect startup performance.

2. METHODS

This study uses a descriptive approach to a semi-systematic/narrative literature review [17]. This is done to get a more comprehensive picture of a broad topic [18] because research on startup performance is distributed in several different scientific domains. There are several steps taken in this research. The first step is to define conceptual boundaries. The limitation in question is to determine the definition of a startup, namely a temporary organization that can transform once it fulfills its role [19] and as an innovation agent, with the characteristics of science and technology, which allows developed countries to get a “new breath” [20]. At the same time, the second conceptual limitation is to determine the performance as the end result or outcome of the startup, both in the form of financial and non-financial.

The next step is to determine which studies are included in this review. First, based on the database, we use five leading publishers across fields and cover business and management domains, such as Science Direct, Emerald, InderScience, SAGE, and Taylor & Francais. Second, we define the formula string for the search: (TITLE-ABS-KEY (“Factor” OR “determinant” OR “antecedent”) AND (“Startup” OR “born-global” OR “innovation-driven enterprise” OR “technology-based firm” OR “high-tech startup”) AND DOI (“performance”) AND DOCTYPE (ar) AND (LIMIT-TO (LANGUAGE, “English”)).

Next, the study examined duplication, journal quality, and journal scope. In determining the quality of journals, we use data from the Scimago Journal Ranking and those included in Q1. Meanwhile, the journal’s scope was checked from the homepage of each journal. Our final step is to review the content of the selected articles to determine their relevance, namely according to the conceptual boundaries and research objectives. The result of each literature search step can be seen in Figure 1.

Figure 1. Literature Search Steps

3. RESULTS AND DISCUSSION

A total of 42 articles were selected through screening based on duplication, journal quality, journal scope, and relevance. The articles published in five journals are shown in Table 1 below.

Table 1. Article’s Journal

<table>
<thead>
<tr>
<th>Journal</th>
<th>Author</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journal of Engineering and Technology Management</td>
<td>[21,22]</td>
<td>2</td>
</tr>
<tr>
<td>Long Range Planning</td>
<td>[37-40]</td>
<td>4</td>
</tr>
<tr>
<td>Research Policy</td>
<td>[41-61]</td>
<td>21</td>
</tr>
<tr>
<td>Strategic Organization</td>
<td>[62]</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>42</td>
</tr>
</tbody>
</table>

The articles published from 2001 to 2021 were obtained. For convenience, they were divided into four five-year periods, except for the fourth period that included the year 2021. As shown in Table 2, there is an increasing trend in articles from the first to the fourth period.

Table 2. Publication Years

<table>
<thead>
<tr>
<th>Publication Year</th>
<th>Number of Article</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2005</td>
<td>4</td>
</tr>
<tr>
<td>2006-2010</td>
<td>4</td>
</tr>
<tr>
<td>2011-2015</td>
<td>7</td>
</tr>
<tr>
<td>2016-2021</td>
<td>27</td>
</tr>
</tbody>
</table>

Performance as a dependent variable or output includes various kinds, ranging from overall performance, survival, growth to specifics such as innovation performance, number of patents, the effectiveness of exploration and exploitation of opportunities, etc. Totally, there are 21 types of performance which are presented in Table 3 below.
Table 3. Type of Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Performance</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Innovation</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Growth</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Funding</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Survival</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>International</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>IPO</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Acquisition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Advantage</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Foreign market</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Persistence</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Income expectation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Patent activity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Economic value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Size</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Technological</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>distinctiveness</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Partnership</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Market value-added</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Product performance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Opportunities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>exploration &amp;</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>exploitation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>4</td>
<td>9</td>
<td>30</td>
<td>47</td>
</tr>
</tbody>
</table>

Table 3 shows that firm performance dominates all types of performance studied, followed by innovation, growth, funding, survival, and others. An increasing trend is seen in all types of performance except advantage, partnership, and market value-added. 114 factors affect performance identified and can be grouped into 58 factors as shown in Table IV. We do the grouping based on the similarity or resemblance of the concept of these factors.

Table 4. Factors that Affect Performance

<table>
<thead>
<tr>
<th>Variable’s Level</th>
<th>Variable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro/industry-level</td>
<td>Innovation Risk; Government Support (5); Location (2); Industry Group (2); Market Uncertainty; Technological Uncertainty; Funding Sources (2); Types of Technological Regime; Media Coverage; Stock Market Activity (2); Market Size</td>
<td>19</td>
</tr>
<tr>
<td>Organizational/business-level</td>
<td>Technology Capability (2); Market Orientation (3); Entrepreneurial Orientation (2); Absorptive Capacity (2); Startup Growth Orientation (2); Patent (2); R&amp;D Intensity (3); Type Of Firm (2); Early Mover (2); Informational Support (2); Organizational Social Capital (7); Operational Support (5); Financial Support; International Relational Capital; Crowdfunding</td>
<td>66</td>
</tr>
</tbody>
</table>

From Table IV, it can be seen that the most studied factors to predict performance are at the business or organizational level, followed by the micro level, and then the macro level. This is relevant to the theory of strategic entrepreneurship, which emphasizes the business (strategic) and individual (entrepreneurship) aspects [63,64]. At the organizational level, the most studied factors are strategy (alliance, partnership, innovation), capability (technology, absorptive, lean startup, dynamic, technical development), organizational social capital, crowdfunding activity, and various forms of support or access. At the micro or individual level, the most studied factor is the experience (industry, general, startup). At the macro and industrial levels, the widely studied factors are government support, environmental uncertainty (market and technology), and the industrial environment (clustering, group, technological regime). This finding complements the study of [16] with some other variables or factors that influence the technology startup’s performance. In their study, [16] categorize the variables into five levels. Another finding is that the outcomes or dependent variables are different from the study of [16], such as IPO, funding, acquisition, etc. It might be caused by the search string that we used. In the study of [16], they use INV (International New Venture), so it talks mainly about internationalization. In this study, technology-based startups were chosen, so the result differed.

4. CONCLUSIONS

A startup is a new form of business or organization created with a specific purpose that faces high
uncertainty with the support of very limited resources with high growth characteristics and is temporary. Many factors affect startup performance from the macro, organizational, to individual levels. From 42 articles, it was found that the most studied factors were at the organizational level, especially strategy and capability. The most studied factors are related to experience and behavior at the individual level. At the macro level, the most studied factors are government support and environmental uncertainty, both technology and market. Future research can be done to complement some of the limitations of this study. The first is the database that is used in this study. Future research can use more databases, such as Scopus and Web of Science. Second, this research does not analyze the theoretical references from the selected articles. Future research can further analyze the theoretical references to provide a complete conceptual construction. Third, the study on startups is a study that has not been well-established. It is still fragmented in several scientific fields. In addition, there are some good articles but not in the Q1 journal. Therefore, future research can consider a more comprehensive coverage both in terms of the field of study and the journal's quality.

REFERENCES


The Influence of Organizational Learning and Innovation on Competitive Advantage at SMK in West Java Province

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ABSTRACT
The establishment of Vocational Schools at this time is not yet capable of making the greatest contribution to the provision of excellent human resources. As a result, continual learning and innovation are required in order to improve its competitive edge. The purpose of this study was to investigate the impact of Organizational Learning and Innovation on Competitive Advantage in Indonesian Vocational High Schools (SMK). The partial least squares analysis approach was applied in this study (PLS-SEM). This study's population consisted of SMK (Vocational High School) students from West Java Province, Indonesia. The intended response was the SMK's Principal. The findings of this study show that the factors analyzed had a beneficial influence on competitive advantage.

Keywords: Organizational Learning, Competitive Advantage, Vocational High School.

1. INTRODUCTION
In today's fast-paced and dynamic world, business competition is getting tougher. Companies are competing to find the best strategy to improve their performance. One of the important issues that the company pays attention to is qualified human resources. The company only looks for the best candidates to work for the company to fulfill this. Although there are many job vacancies available, the unemployment rate in Indonesia is still relatively high. Based on the Central Statistics Agency data, the number of unemployed in August 2019 reached 7.05 million people, with an Open Unemployment Rate (TPT) of 5.28 percent in August 2019. In addition, in August 2019, TPT for Vocational High School education took the highest position. That is equal to 10.42 percent, while the lowest TPT is found in elementary education level and below that is equal to 2.41 percent [1].

Judging from the data above, Vocational High Schools (SMK) occupy the highest position for the open unemployment rate. At the same time, SMK is expected to be a "shortcut" for the lower-middle-class people to be able to work immediately after completing high school. To overcome these problems, the government has started to run various programs such as vocational training or competency-based apprenticeships in companies to conduct competency certification to improve the skills and competitiveness of human resources in Indonesia. In addition, the government is also trying to improve the quality of human resources to move from middle-income countries to high-income countries. One of the steps taken by the government to realize the vision and mission above is to improve the quality of education, especially at the secondary vocational level. The education sector must also have a competitive strategy to survive in the competition in education. Vocational High School, apart from being an educational institution that develops human resources in improving skills and abilities, is also an institution that provides public services, such as public service companies in general [2].

The existence of Vocational High Schools (SMK) is the front line in welcoming the era of the industrial revolution that we are facing. As a result, numerous procedures must be planned for present vocational students, such as strengthening the quality or aptitude of vocational school graduates to handle industry 4.0 difficulties. As a formal educational institution intended to help the acceleration of national development, SMK must be aware of its potential.
At present moment, the establishment of Vocational Schools has not been able to give the greatest contribution in the creation of excellent human resources. As a result, continual learning and innovation are required in order to improve its competitive advantage. Organizations are always seeking for methods to gain a competitive advantage [3]. Standardized procedures, division of work, and management controls all contribute to efficiency in a stable setting [4]. It is believed that in order to deal with current external opportunities and dangers, companies must learn, that is, gain new knowledge and skills that will improve their present and future performance [5] [6] [7] [3]. It is argued that a company's only competitive advantage in the future will be its managers' capacity to learn quicker than competitors [8]. The application of the essential components of learning organization in vocational institutions, among others: building a shared vision (shared vision), developing systems thinking (systems thinking), developing a learning team (team learning), develop personal mastery (personal mastery), changing mental models (mental models), developing learning (learning), developing knowledge, organizing people/people, developing technology, improving organizations need to be realized [9].

From a historical standpoint, organizational learning is acknowledged as an essential component of the paradigm of long-term competitiveness [10]. Management literature stresses the critical role that organizational learning and innovation play in increasing a company's competitive advantage [11]. Organizational Learning (OL) is a notion in a dynamic organizational context, and it is an organizational success approach. Organizations must be able to expand their learning capacity in order to attain and retain a competitive advantage in a fast changing business environment, and the ability to innovate is critical to creating a competitive advantage [12]. Innovation may be defined as a series of actions that include responding to dynamic changes and upgrading current goods, services, competences, business models, and so on [10]. The same innovation might be regarded a result, i.e., responding to increased competition by producing new goods, services, and technology, as well as generating new business models and markets [11]. Innovation is also often used to refer to changes that are perceived as new by the people who experience them. Innovation may be defined as a set of actions that include responding to dynamic changes and upgrading current goods, services, capabilities, business models, and so on [10]. The same innovation might be regarded a result, i.e., responding to increased competition by producing new goods, services, technology, creating new business models, markets, and so on [11].

Several studies have shown that organizational learning improves organizational performance (e.g., [13] [14]). According to other studies, organizational learning is a successful technique for sustaining and improving competitive advantage and firm performance (e.g., [15] [16] [17]). Experts also reveals that new information and skills gained via learning improve the company's inventive capacities, enhancing competitiveness and performance [18] [19] [20] [21]. Organizational learning, innovation, and performance all have a beneficial relationship. However, research on the interrelationships between the three notions at the same time is still uncommon [11]. So in this study, the authors are interested in examining the effect of these three variables on SMK in West Java province.

1.1. Literature Review

1.1.1. Organizational Learning

According to the level of analysis, as well as the complexity and context in which organizational learning is applied, the literature has many distinct definitions of organizational learning. There is no widely accepted standard definition of organizational learning. This is due to the effect of different views and disciplines, which results in a lack of understanding [3]. Organizational learning is described as an organization that can continually improve its performance because its members are devoted and competent individuals who can learn and share information at both a superficial and substantive level for the organization [11]. Organizational learning is the fundament for achieving long-term competitive advantage and a major factor in increasing organizational performance [22] [23] [24] [25] [26]. Companies that can learn have a greater probability of detecting market events and trends [27] [17] [28]. As a result, learning companies are more adaptable and quick to respond to new problems than rivals [27] [29], allowing businesses to sustain long-term competitive advantages [30]. The acquisition of technology, the process of new development, learning something new, management and organizational knowledge and abilities, expanding knowledge for efficiency, and the ability to identify solutions are the measuring markers of organizational learning [2].

1.1.2. Innovation

Organizational innovation is studied in many disciplines, such as management/strategy, entrepreneurship, and marketing [3]. Innovation is an idea or new item/thing that does not yet exist or already exists but is not yet known by the adopters [2]. Innovation is the ability to apply creativity to solve problems and opportunities to improve the welfare of both individuals and organizations. Innovation can be measured through the innovation of product, process, and management. Innovation supports businesses in dealing with a volatile external environment and, as a
result, is one of the primary drivers of long-term corporate success, particularly in dynamic markets [31] [32] [33] [34]. Organizations must be able to cope with increased complexity and rapid change in order to exist in a dynamic environment [5]. Enterprises with the ability to innovate will be able to adapt to difficulties faster and take advantage of new goods and market possibilities better than non-innovative firms in this setting [5].

1.1.3. Competitive Advantage

A long-lasting competitive advantage is an organization's ability to learn faster than its competitors [16]. Competitive Advantage as a situation where a company can do something, and other companies cannot do it or have the desired competitor. Competitive advantage can be measured by differentiation, cost advantage, and level of reach.

1.1.4. Conceptual Framework and Hypotheses

Organizational learning is critical to innovation [16]. Because of the necessity to innovate continually in order to thrive in a competitive environment, organizational learning is a strategic variable for organizations attempting to develop new goods or establish new markets. As a result, it is critical to encourage the development of variables that lead to innovation and enable the introduction of new ideas, goods, services, and systems ahead of other competing companies. Meanwhile, the organizational learning process is a way to develop the innovation process within the company. Therefore, in this study, the authors make a hypothesis:

H1: Organizational Learning has a positive effect on innovation

In a continually changing environment, the organizational learning process is a process in which companies employ current information and create new knowledge to shape the creation of new competencies. Organizational learning also positively affects competitive competence. Therefore, in this study, the authors expect the relationship:

H2: Organizational Learning has a positive and significant effect on Competitive Advantage

Because of the evolution of the competitive environment, the dissemination of innovation literature validates the idea that innovation is the most significant factor of company performance. Innovation can increase market share, greater production efficiency, higher productivity growth, and increase revenue. To achieve a competitive advantage, innovation must always focus on creating something new in the world. Therefore, in this research, the writer expects the relationship:

H3: Innovation has a positive and significant impact on Competitive Advantage

Figure 1. Conceptual framework

Based on the explanation that has been described previously regarding the variables that affect competitive advantage, this study wants to prove whether there is a positive and significant relationship between Organizational Learning and Innovation on Competitive Advantage in Vocational High Schools (SMK) in the province of West Java, Indonesia.

2. METHODS

This study aims to prove whether there is a positive and significant relationship between Organizational Learning and Innovation on Competitive Advantage in Vocational High Schools (SMK) in the province of West Java, Indonesia. This study's population is SMK in West Java Province, Indonesia. The Principal of the SMK is the intended responder.

To assess organizational learning, an indicator derived from [11] was employed, which consists of four dimensions and thirteen indicators. Using five Likert scales, respondents were asked to rate their degree of agreement with 30 statements.

To measure innovation also adapted from [11], consisting of 3 dimensions with nine indicators. Respondents were asked to fill in their level of agreement with each indicator using a 5 Likert scale.

The competitive advantage consists of 3 dimensions: Open-internal model results, Rational model results, and Human relations model results, which are also adapted from [11]. Respondents were asked to compare the position of SMK compared to other SMKs in West Java province, ranging from decreasing (1) to increasing (5) in the last three years.
3. RESULTS AND DISCUSSION

3.1. Result

3.1.1. Outer Model Evaluation

The relationship between variables and their indicators are examined in the outer model. The outer model analysis is tested using convergent validity, composite reliability, Average Variance Extracted (AVE), and Cronbach’s Alpha. At this point, testing is done with the SmartPLS version 3.0 application. Construct validity testing may be performed by observing whether or not there is a significant connection between the construct and the indicators that comprise the construct, as well as whether or not there is a weak link with other constructs. Construct validity is divided into two parts: convergent validity and discriminant validity.

Another method for assessing discriminant validity is to contrast the value of cross-loadings for each construct with the correlation between the construct and the other constructs in the discriminant validity model. According to the data processing findings, each item's cross-loading value on its construct is bigger than the value of loading with other constructions. Based on these findings, it is possible to conclude that discriminant validity is not a problem.

3.1.3. Reliability Test

Composite Reliability (CR)

After the construct validity test, the construct reliability test is done, which is evaluated by two criteria: Composite Dependability (CR) and Cronbach’s alpha (CA) from the indicator block that evaluates the CR construct used to exhibit outstanding reliability. If the composite reliability value is more than 0.7, the construct is considered to be dependable. Based on the data processing findings, it is known that the composite reliability test results indicate a value of > 0.7, indicating that the value of each instrument is reliable.

Cronbach’s Alpha

If the composite reliability and Cronbach’s Alpha values are more than 0.6, a construct is considered reliable. Based on the data processing findings, it is known that the Cronbach alpha test results reveal a value of > 0.7, indicating that the value is trustworthy on each instrument.

3.1.4. Evaluation of Structural Model (Inner Model)

Following the evaluation of the model and the discovery that each construct was suitable for Convergent Validity, Discriminant Validity, and Reliability Composite Index, the structural model is evaluated, which involves testing path coefficient and R2.

Substantive theory is used by inner models (inner relations, structural models, and substantive theory) to define the relationship between latent variables. R-square was used to evaluate the structural model for the dependent construct and the Stone-Geiser Q-square test for the relevant predictive construct. R2 may be used to assess the influence of several independent latent variables. Latent variables influence whether or not the dependent is significant. The stronger the R2 value, the better the capacity of in-dependent latent variables to explain dependent latent variables. R2 values of 0.67, 0.33, and 0.19 suggest that the model is "excellent," "moderate," and "weak."

Based on the data processing results, the R-Square value for the Innovation variable is 0.600. This means...
60% of the variation or change in innovation is influenced by Organizational Learning, while the remaining 40% is explained by other reasons. Based on this, the final result of R² indicates that R² includes moderate. Next, R-square values obtained for the variable Competitive Advantage of 0.342 means that 34.2% of the variation or change Competitive Advantage is influenced by Organizational Learning and Innovation, while the remaining 65.8% is explained by other causes. Based on this, the final result of R² indicates that R² includes moderate.

In addition to the R-square value, the model is assessed using the predicted Q-square relevance for the constructive model. Q-square assesses how effectively the model and estimated parameters create the observed values. The magnitude of Q² ranges from 0 to 1, with one indicating that the closer the model, the better. Q² has the same magnitude as the overall coefficient of determination on the route analysis (path analysis). Q² > 0 shows that the model is predictively relevant. Otherwise, a score of Q² 0 shows that the model is not predictive.

The calculation of Q² total variable Competitive Advantage done by the formula:

\[ Q² = 1 - \left( \frac{1}{|T|} \right) \]

This value indicates that the information contained in the data, 73.7%, can be explained by the model, while 26.3% is explained by other variables (which are not contained in the model) and elements of error.

### 3.1.5. Direct Influence Analysis

#### Table 1. Direct Effect

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Learning</td>
<td>0.775</td>
<td>0.777</td>
<td>0.033</td>
<td>23.401</td>
<td>0.000</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.303</td>
<td>0.303</td>
<td>0.085</td>
<td>3.572</td>
<td>0.000</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>0.318</td>
<td>0.321</td>
<td>0.084</td>
<td>3.777</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: SmartPLS output data processing

Table 1 shows the results of the PLS calculation, which states the direct influence between variables. It is said that there is a direct effect if the T Statistics value is > 1.96, and it is said not to affect if T Statistics < 1.96.

Based on table 1, it can be stated as follows:

- The organizational learning variable significantly affects the Innovation variable with a T Statistics value of 23.401 > 1.96.
- The Organizational Learning variable has a significant effect on the Competitive Advantage variable with a T Statistics value of 3.572 > 1.96.
- Variable Innovation significant effect on the variable Competitive Advantage with the value of T Statistics for 3.777 > 1.96.

### 3.1.6. Hypothesis Test

Hypothesis testing is done by looking at the probability value and its t-statistics. In terms of probability values, the t-table value for 5% alpha is 1.96. So the hypothesis is accepted when the t-statistics exceed the t-table. This test is designed to put to the test the hypothesis, which consists of three hypotheses:

**Hypothesis Test 1**

H1: Organizational Learning has a positive effect on innovation.

Based on table 1 with a T-statistics value of 23.401, which means > 1.96, then H1 is accepted, which means that Organizational Learning has a positive and significant influence on innovation, meaning that changes in the value of Organizational Learning have a unidirectional effect on changes in innovation or other words if Organizational Learning is running. There will be an increase in innovation and statistically has a significant effect. Based on the results of data processing by SmartPLS version 3.0, the path coefficient value of Organizational Learning on Innovation by 0.775, which means that the Organizational Learning positively related to innovation with the degree of closeness of the relationship is strong.

**Hypothesis Test 2**

H2: Organizational Learning has a positive and significant effect on Competitive Advantage.

Based on table 1 with a value of T - statistics 3572, which means > 1.96, then H2 is received, which means that Organizational Learning has a positive and significant impact on the Competitive Advantage. It means that changes in the value of Organizational Learning influence the direction of the change Competitive Advantage. In other words, if Organizational Learning goes well, there will be an increase in Competitive Advantage and statistically has a significant effect. Based on the data processing results by SmartPLS version 3.0, the path coefficient
Organizational Learning to Competitive advantage for 0303. It means that Organizational Learning positively related to Competitive Advantage with the degree of closeness of the relationship is.

Hypothesis Test 3
H3: Innovation has a positive and significant impact on Competitive Advantage.

Based on table 1 and a value of T - statistics 3777, which equals > 1.96, H3 is obtained, indicating that innovation has a positive and substantial influence on competitive advantage. It indicates that changes in the value of innovation impact the direction of change in Competitive Advantage; in other words, when innovation is successful, there is a rise in Competitive Advantage, which statistically has a significant effect.

3.2. Discussion

3.2.1. The Effect of Organizational Learning on Innovation

Based on the calculation results, the t-statistic value is 23.401, which means > 1.96, and the value of sig. 0000 below 0.05 then H1 accepted, which means that Organizational Learning has a positive and significant impact on innovation, meaning that changes in the value of the Organizational Learning influence the direction of the change in innovation or if the Organizational Learning increases, there will be an increase in the level of innovation and statistically have a significant influence. Based on the data processing results by SmartPLS version 3.0, the path coefficient value of Organizational Learning on Inovation by 0775, which means that Organizational Learning positively related to innovation in vocational schools (SMK) in West Java, Indonesia. This is in line with [36] research, which states that the formation of learning teachers in schools is currently being promoted. Learning teachers are teachers who are constantly learning and developing their potential and capacity as professional teachers. Teacher development for teachers as learners can be done by implementing organizational learning strategy (organizational learning) in school until the establishment of the school as a learning organization. Learning organization in vocational education is also different from other types of education because vocational education prioritizes training so that students have abilities in certain fields and can enter the world of work [13].

3.2.2. Influence of Organizational Learning Against Competitive Advantage

Based on the statistical results, the t-statistical value is 3.572, which means greater than 1.96, and the value of sig. 0000 is less than 0.05, indicating that Organizational Learning has a positive and significant impact on Competitive Advantage, implying that changes in the value of Organizational Learning influence the direction of the change Competitive Advantage. Thus, when organizational learning improves, so does competitive advantage, which has a statistically significant effect. According to the results of SmartPLS version 3.0 data processing, the route coefficient Organizational Learning to Competitive advantage for 0303, which suggests that Organizational Learning is positively associated to Competitive Advantage in West Java Vocational High School (SMK).

3.2.3. The Effect of Innovation on Competitive Advantage

Based on the statistical findings, the t-statistical value is 3.777, which indicates greater than 1.96, and the value of sig. 0000 is less than 0.05, indicating that innovation has a positive influence on competitive advantage. Thus, changes in the value of innovation have an impact on the direction of change in Competitive Advantage. If a result, as innovation increases, there will be a rise in Competitive Advantage, which will statistically have a substantial effect. Based on SmartPLS version 3.0 data processing results, the route coefficient Innovation of Competitive Advantage is 0318. In other words, innovation was positively associated to Competitive Advantage in Indonesia's West Java province's Vocational High School (SMK). The findings of this study are consistent with the findings of [15]'s research. According to their study paradigm, social media influences purchasing interest, which is carried out through customer perceptions of items. On principle, social media is a vital communication medium that plays a significant impact in customer purchasing intentions.

4. CONCLUSIONS

This study aims to understand the relationship between Organizational Learning, Innovation, and Competitive Advantage in vocational high schools in West Java province. From the two factors studied, it is evident that both influence competitive advantage. The model in this study proved to be good based on the value of Q2 amounted to 73.7%. Organizational learning and innovation are shown to influence the competitive advantage of 34.2%. Both of these variables in explaining the substantial Competitive Advantage, or in the case of this study, is a competitive advantage in
the vocational school in West Java, Indonesia. This finding has a significant contribution in efforts to increase competitive Advantage in Vocational High Schools. These findings can be used as a further step for the secondary education sector to in-crease competitive advantage through the two variables studied in this research. This finding supports the research conducted by [13], who showed that organizational learning plays a vital role in improving their performance in higher education institutions.

Further research conducted by [2] also states that Overall Organizational Learning has a positive and significant effect on Competitive Advantage mediated by innovation at universities in Padang. Based on the results obtained in this study, competitive advantage will be achieved by a study program if the study program innovates. The study program will achieve innovation if the study program always carries out organizational learning.

This research contributed to the existing knowledge regarding organizational learning by providing an updated theoretical contribution. This research contributes to the business literature in education by providing further scientific research on the secondary school sector, particularly in Indonesia, where little is known about the impact of organizational learning and innovation.

Organizational Learning and Innovation is one of the critical factors that can increase Competitive Advantage. Both of these factors have been shown to influence increasing competitive advantage in SMK in Indonesia, so these two factors must receive more attention from SMK managers and the government, both central and regional, to be applied to SMK so that they can contribute positively to increasing competitive ability. The model utilized in this study has been shown to be highly predictive. According to the findings of hypothesis testing, the most important element impacting competitive advantage was innovation. Based on these findings, the managerial implication that can be improved is that the innovation process itself needs to be carried out by the secondary school sector, primarily vocational high schools, in order to increase competitive advantage optimally, which in turn can make students ready to work and have the ability to think. Being creative and innovative means that there are still spaces that can be improved or improved to con-trIBUTE to the ability of competitive advantage in the future.

The findings of this study give a practical contribution as a guide for SMK managers in Indonesia to strengthen their competitive advantage by focusing on organizational learning and innovation elements.

One of the research's limitation is that it only obtained samples from vocational schools in the West Java region, thus further research is needed to investigate this problem. Secondly, the phenomenon of organizational learning has not been studied broadly by Vocational High Schools in Indonesia, so further research is needed to examine this subject in the future.

REFERENCES


The Impact of Technology Business Incubator on Startup Success among Business Incubator Members
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ABSTRACT
This research aimed at investigating the impact of Technology Business Incubator on Startup Success among Business Incubator Members at LPiK ITB Bandung. A verificative approach was carried out by employing the explanatory survey method. This research involved 88 business owners as the analysis unit. The research data were collected through questionnaires and analyzed using a simple regression analysis technique. The research findings revealed that Technology Business Incubator affected Startup Success in the medium category. This showed that the better the Technology Business Incubator, the higher the Startup Success members at Business Incubator LPiK ITB. The differences in this research area in the research object, research time, research instruments, literature sources, theories, and research results because business incubators have a very strong relationship with in the process of creating successful new entrepreneurs

Keywords: Technology Business Incubator, Startup Success.

1. INTRODUCTION
It is shown in figure 1 about startup success data in Indonesia, the success rate of establishing startups in Indonesia is still very low at 5%, while 95% are failed [1]. The development of startups in Indonesia is getting hampered by the pandemic that has attacked all countries in the world [2].

Figure 1 Startup Success Data in Indonesia [1]

Nowadays, a novel coronavirus which is mostly known as Covid-19 or coronavirus has spread all over the world [3]. The implementation of the social restriction policy in Indonesia has weakened the business world because all movements must be limited so that business actors can no longer carry out their usual activities [4].

Figure 2 Startup Condition Data Before and After Pandemic

The data in figure 2 shown above was taken from Katadata Insight Center (2020). As seen in figure 2, one of the leading online media and studies companies in economics and business. The survey revealed that at the end of 2019, 74.8% of startups were in good and very good condition, while 3.6% of them were in bad and very bad condition. However, after the Covid-19 outbreak spread in Indonesia, startups that were initially fine fell to 33%. This fact is worsened by the increase in the
number of startups that are in bad condition to 42.5%. This certainly needs special attention to overcome the problems faced by startup business people [5]. A startup business which is a newly initiated business has also been affected by this pandemic. Many startups have gone out of business. The worldwide startup failure rate can be as high as 90%. CB Insight released 20 things that cause startup failures in building their business, five of which are most commonly found as causes of startup failure from internal companies [6].

Table 1. Factors of Startup Failure

<table>
<thead>
<tr>
<th>Factors of Startup Failure</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No market need</td>
<td>42</td>
</tr>
<tr>
<td>Spending too much money</td>
<td>29</td>
</tr>
<tr>
<td>Not the right team</td>
<td>23</td>
</tr>
<tr>
<td>Get outcompeted</td>
<td>19</td>
</tr>
<tr>
<td>Pricing/cost issues</td>
<td>18</td>
</tr>
</tbody>
</table>

It is shown in table 1 above that the most influencing factor on startup failure is no market need factor. This is in line with the startup success dimension namely environment, in which the company’s external environment factor influences the company’s success, one of which is market condition [7]. This indicator measures what products are needed in the current market condition.

Moreover, spending too much money is also a factor that affects startup failure. This fact is in line with the startup success dimension namely strategy and characteristic, in which there are indicators of financial management strategy. In addition, a CEO or founder also plays an important role in building a solid team because this is also a factor that affects startup failure. This data is also in line with one of the startup successes dimensions namely the entrepreneur profile, which discusses an entrepreneur’s managerial abilities [7].

Startups that take actions leading to specific goals will accelerate their business in achieving startup success [8]. It was described in one research that motivation had a positive relationship with startup success [9]. Entrepreneur motivation showed that the greater the perceived relationship between strategy and managerial, the greater the motivation to continue acting as an entrepreneur, in this case, to achieve startup success [8].

Ways to increase startup success was discussed in research conducted by Saputra which investigated business incubator roles in developing a local digital startup in Indonesia [10]. Research on the same topic was also carried out by Mungila Hillemane et, al. conducted at an American startup [11]. Other researchers examined the influence of innovation and entrepreneurial self-efficacy on the success of digital startups [12]. In this study, the Technology Business Incubator is used as the variable because these two variables are being studied according to previous studies and by the field conditions of the chosen object, namely the Business Incubator LPiK Institut Teknologi Bandung (ITB).

Business incubators play roles in helping new businesses to succeed. This concept is relevant to be implemented in Indonesia, thus the direction and development of business incubators are aimed at assisting new business actors and old business actors who have proposed new products and services. The development of business incubators practically encourages the creation and helps the growth of new businesses, specifically related to the themes of product innovation. One of the LPiK ITB programs is business incubators.

The development of business incubators in universities aimed at helping the commercialization process of research products in universities, namely building new businesses coming from research results and encouraging students and alumni to become business actors. The concept of business incubator development must be distinguished from the concepts of startup development in general [13].

Several aspects need to be taken care of by the management of business incubators LPiK ITB, one of which is helping their startup tenants to develop their strategies, such as digital marketing. As seen in figure 3, there are no more than half of the incubator tenants have websites to market their products.

![Figure 3 Number of LPiK ITB Tenants Who Already Have a Website](image)

In shown in the figure 3 that LPiK ITB business incubator is still lacking about planning and consideration in the information system development process. Therefore, the incubator is still lacking in the utilization of technology, making incubator operations less effective and efficient. Technology Business Incubator is an institution that can help identify the most relevant strategic assets to support technology innovation, which directs startups that are launching new products [14].

Technology Business Incubator has seven dimensions, namely selection, infrastructures, business support, financial sustainability, government, relationship, and graduation. These seven dimensions are designed as a basis for the incubation process. First, the
The incubator needs to identify several criteria for selecting startups to be incubated, one of the important things is the business model owned by the startup and the resources to be allocated. The second step is related to the infrastructure provided; one example is the physical area where the startup is incubated. The area is divided into two, namely the proper room condition to complete startup activities personally, one of which is room to receive clients. The second area is the one shared with other startups to reduce fixed costs [14].

In addition to infrastructure, there is also business support, which is a service offered by the incubator. One of them is technology-based consulting, training, coaching, and mentoring services. Furthermore, there is financial sustainability, which can be interpreted as a startup process receiving financial resources and strategies to manage the budget. Governance is a dimension that has an important role such as making policies relevant to incubator activities. While the relationship is a dimension related to the stakeholders. From this relationship, strategies can grow to increase startup success. The last dimension is graduation. There are several criteria for startups to pass, one of which is related to the competitiveness of their products in the market. Based on the formulation of the above problem, the purpose of this study is to know the influence of Technology Business Incubators on the Success of Startups.

2. METHODS

This research aimed at investigating the impact of Technology Business Incubator on Startup Success among Business Incubator Members at LPiK ITB Bandung. A verificative approach was employed by conducting an explanatory survey method. The total population of this research was 134 incubator members and as many as 88 samples were taken.

The research data were collected through questionnaires and analyzed using a simple regression analysis technique.

Some academic experts analyze that the concept of "success" in startups is very broad and diverse. It needs a deeper understanding to identify the factors that measure startup success. There are two perspectives that can be used, the first is the technical factors that lead to startup success and the scientific method proposed from various literature to measure startup success [7].

The first dimension focuses on the entrepreneur and analyzes his profile. Many previous studies have shown the definition of entrepreneur profile. Although some experts do not agree on a single definition of an entrepreneur profile, there are different characteristics such as age, gender, socio-demography, or economic condition. However, different characteristics are presented to be the characteristics of entrepreneurs. These characteristics are personality and social traits [7].

The second dimension focuses on the strategy and characteristics of the company by specifically analyzing the strategy chosen by the entrepreneur for his business. This dimension focuses on how entrepreneurs do things, attitudes, capacities, abilities, and experiences of entrepreneurs to formulate strategies that will affect the company’s progress [7].

The third dimension relates to the environment that can help the company development which is formed from several main aspects such as capital availability, quality human resources, and infrastructure [7].

3. RESULTS AND DISCUSSION

The independent variable in this research is Technology Business Incubator (X) while the dependent variable is Startup Success (Y). A simple regression testing was carried out to test whether there is an effect of the independent variable on the dependent variable.

The simple regression equation model formed in this research is as follows.

\[ Y = a + bX \]  

where:

- \( Y \) = Dependent variable (Startup Success)
- \( X \) = Independent (Technology Business Incubator)
- \( a \) = Y value if X=0 (constant value)
- \( b \) = values affecting the increase or decrease in Y based on X (Technology Business Incubator)

Based on the processing results using the SPSS 23.0 for windows program, the regression coefficients results are as follows:

**Table 2. Simple Linear Regression Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>14.62</td>
<td>4.63</td>
<td>0.526</td>
<td>31.55</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td>.084</td>
<td>.726</td>
<td>9.796</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Y

Table 2 in the B column shows the constant value and simple linear regression coefficient value for the independent variable. Based on those values, a simple linear regression model is formed in the following equation:

\[ Y = 14.620 + 0.525 X \]  

(2)
Based on the simple linear regression equation above, a constant value of 14,620 means that if there is no Technology Business Incubator, then the amount of Startup Success is 14,620. The regression coefficient on the Technology Business Incubator variable is 0.525, which means that if Technology Business Incubator (X) increases by one unit, there will be an increase in Startup Success (Y) by 0.525.

The coefficient of determination analysis is used to determine the percentage of influence of the independent variable to the dependent variable. Thus, in this research the coefficient of determination was used to determine the percentage of the influence of X on Y, the formula used is as follows.

\[
CD=r^2 \times 100\% \tag{3}
\]

Where

\[
r^2=\text{correlation coefficient}
\]

**Table 3. Coefficient of determination**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.526</td>
<td>.527</td>
<td>.522</td>
<td>10.06236</td>
</tr>
</tbody>
</table>

Based on the calculation results in table 3, the coefficient of determination of Technology Business Incubator (X) on Startup Success is 52.7%, which is in the medium category, while the remaining 47.3% is influenced by other factors which are not examined in this study such as facilities, environment, motivation, etc.

To test the significance of Technology Business Indicator on Startup Success, t-test was carried out by comparing the \( t_{\text{count}} \) and \( t_{\text{table}} \) with the following conditions:

If \( t_{\text{count}} > t_{\text{table}} \), \( H_0 \) is rejected and \( H_a \) is accepted

If \( t_{\text{count}} < t_{\text{table}} \), \( H_0 \) is accepted and \( H_a \) is rejected

After it was revealed whether \( H_0 \) was accepted or rejected, a significance test was carried out with the following conditions:

\( H_0: \rho \leq 0 \), there is no positive influence of Technology Business Incubator on Startup Success.

\( H_a: \rho > 0 \), there is a positive influence of Technology Business Incubator on Startup Success.

The formula of the t-test of the coefficient test is described in Table 4 as follows.

**Table 4. Significance test of t value**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>14.62</td>
<td>4.63</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>t</td>
<td>0</td>
<td>4.63</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 shows the testing for t-test taken from the coefficients using t-test, in which \( t_{\text{count}} > t_{\text{table}} \). Thus, \( t_{\text{table}} \) with 88 respondents in which \( a = 0.05 \) is 0.678. It was obtained that 9.796 > 0.678, so \( H_0 \) is rejected. After that, a significance test was conducted, and based on the data taken from Table 3.2, the obtained R square is 0.527 > 0, which means that there is a positive influence of Technology Business Incubator on Startup Success. Therefore, it can be concluded that the hypothesis in this research is that \( H_0 \) is rejected and \( H_a \) is accepted, so there is an influence of Technology Business Incubator on Startup Success among the members of Business Incubators LPiK ITB. Business incubators have a very strong relationship with in the process of creating successful new entrepreneurs.

4. CONCLUSIONS

Based on the research results, it was revealed that Technology Business Incubator had an influence on Startup Success in the medium category. This shows that the better the Technology Business Incubator, the higher the Startup Success of Members at Business Incubator LPiK ITB. Technology Business Incubator and Startup Success by using different indicators from various theoretical resources and on the different objects as there are still many weaknesses in this research especially related to the research method and data collection technique.

REFERENCES


The Influence of Internal and External Factors on Entrepreneurial Intentions

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ABSTRACT
Entrepreneurship is one of the factors that influence the economy of a country. To become an entrepreneur, it is necessary to form an entrepreneurial intention. Intention can be increased by paying attention to one's internal and external factors. Based on the results of data analysis, it was concluded that internal and external factors had a positive effect on entrepreneurial intentions with a high category influence. Based on the results, it was recommended for SMK Indonesia Raya Bandung to pay more attention to external factors including the family environment and social environment to increase students' entrepreneurial intentions.

Keywords: Internal Factors, External Factors, Entrepreneurial Intentions

1. INTRODUCTION
Entrepreneurship is an action to create jobs and absorb labor. Entrepreneurial activities are believed to be a tool to increase economic growth and to solve other economic problems such as high unemployment [1]. In addition to the impact on economic growth, entrepreneurial activity is related to job creation [2]. Entrepreneurship can be said to be one of the determining factors for the progress of a country. Economic growth can be achieved if the country has many entrepreneurs [3].

The Minister of Cooperatives and Small and Medium Enterprises revealed that the level of entrepreneurship in Indonesia in 2020 was still lower than neighboring countries in Southeast Asia. The level of entrepreneurship in Indonesia was still recorded at 3.47%, below Singapore, which almost reached 9%, or Malaysia and Thailand, which almost reached 5%.

The Open Unemployment Rate is an indicator that can be used to measure the level of labor supply that is not used or not absorbed by the labor market. The Open Unemployment Rate in February 2020 was 7.07 percent and increased to 9.72 percent in February 2021.

Judging from the level of education in February 2020, the Open Unemployment Rate for Vocational High Schools is the highest among other education levels, which is 8.49 percent. The second highest open unemployment rate is Diploma I/II/III at 6.76 percent. In other words, there is an unabsorbed labor supply, especially at the level of Vocational High School and Diploma I/II/III education. Those with low education tend to be willing to accept any job, which can be seen from the Open Unemployment Rate for Elementary Schools and below, which is the smallest among all education levels, which is 2.64 percent. Compared to the condition a year ago, the increase in the Open Unemployment Rate occurred at the Diploma I/II/III, University, and High School education levels, while the Open Unemployment Rate at other levels decreased.

Vocational High School is one of the integrated parts of the National Education System [4]. This educational institution has an important role in preparing and developing a ready-to-use workforce both on an industrial scale and in micro-scale industries such as Small and Medium Enterprises [5]. The objectives of vocational secondary education as regulated by government regulation No.29 of 1990 are prioritizing the preparation of students to enter the workforce and developing professional attitudes [6]. For this purpose, government regulations also stipulate that programs in vocational high schools should be adapted to the types of employment [7]. Unfortunately, despite having a long history and programs tailored to the types of employment, the main objective of this vocational high
school education does not seem to have been achieved [8]. Vocational High School graduates who enter the world of entrepreneurship are still very low. It is calculated that from a total of 1.4 million graduates in 2019, only 2.5 percent of students are involved in the business world, or around 40 thousand students.

The increasing number of entrepreneurs in West Java does not necessarily affect the wishes or intentions of students at the Indonesia Raya Bandung Vocational High School as presented in data after the graduation of students in 2017-2019 below.

### Table 1. Data After The Graduation Year 2018-2020 Vocational High School Indonesia Raya Bandung

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Total students</th>
<th>After Graduation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Working</td>
</tr>
<tr>
<td>1.</td>
<td>2018</td>
<td>100</td>
<td>80</td>
</tr>
<tr>
<td>2.</td>
<td>2019</td>
<td>92</td>
<td>57</td>
</tr>
<tr>
<td>3.</td>
<td>2020</td>
<td>95</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Data after graduation in 2018-2020 Vocational High School Indonesia Raya Bandung

The formation of entrepreneurial intentions is influenced by internal and external factors. Internal factors that come from within the entrepreneur can be in the form of personal traits, attitudes, willingness, motivation, or individual abilities that can provide individual strength for entrepreneurship [9]. While external factors come from outside the entrepreneur, which can be elements from the surrounding environment such as the family environment, the business world environment, the physical environment, the socio-economic environment, and others [10].

Intentions are assumed to hold the emotional factors that influence behavior and indicate a person's efforts to try to carry out the planned behavior. Intentions are a mediator of the influence of various motivational factors that have an impact on behavior [11]. Intention can also show how hard someone dares to try, how much effort a person plans to do, and is most closely related to subsequent behavior [12].

Based on the background of the problem above, several research questions were formulated, namely how the internal factors influence the entrepreneurial intentions of the Indonesia Raya Bandung Vocational High School students, how external factors influence entrepreneurial intentions of Indonesia Raya Bandung Vocational High School students, and how the internal and external factors influence the entrepreneurial intentions of students in Indonesia Raya Bandung class. The purpose of this study was to determine the description of internal factors in the students of the Indonesia Raya Vocational High School, the description of external factors in the students of the Indonesia Raya Bandung Vocational High School, the description of the entrepreneurial intention of the Indonesia Raya Bandung Vocational High School students, and the influence of internal factors and external factors on the entrepreneurial intentions of students in Indonesia Raya Bandung Vocational High School.

### 2. METHODS

The method used in this research was the survey method or explanatory survey. This method aims to determine the effect between variables using hypothesis testing [13]. The unit of analysis in this study was students of class XI Indonesia Raya Bandung Vocational High School. The sampling technique used was probability sampling because every student in the class XI Indonesia Raya Bandung Vocational High School has an equal probability of selection.

The sample in this study was 126 students of class XI Indonesia Raya Bandung Vocational High School using the Slovin sample method for the sampling [14]. The data collection technique used in this study was through the distribution of questionnaires. The data analysis technique used in this research was verification analysis. Verification analysis is used to see the influence of internal factors and external factors on entrepreneurial intentions [15].

The variables in the study consisted of internal factors, external factors, and entrepreneurial intentions. This research used ordinal scale data measurement.

### 3. RESULTS AND DISCUSSION

This research consists of independent variables, internal factors ($X_1$), and external factors ($X_2$), while the dependent variable is entrepreneurial intention ($Y$). To determine the influence of internal and external factors on entrepreneurial intentions, path analysis was carried out [16].

**Response to Internal Factors in Class XI SMK Indonesia Raya Bandung**

Based on the results of data processing, it was found that the overall dimensions of the Internal Factors ($X_1$) consist of traits with a score of 4243, an ideal score of 5040 with a percentage value of 83.7%. Then the age with a score of 2549, the ideal score is 3150 with a percentage value of 80.9%. The third is gender with a score of 870 ideal scores of 1260 with a percentage of 69%. Fourth, experience with a score of 2110, an ideal score of 3150 with a percentage of 66.94%, and finally background with a score of 2356, an ideal score of 3150, and a percentage value of 74.74%.

The findings of data processing show that the dimension that gets the highest score is the trait dimension with a percentage value of 83.7%. While the
response with the lowest score is the dimension of gender with a percentage value of 69%.

Overall, based on the recapitulation of responses regarding internal factors, it can be seen that 12128 with a percentage of 77%, and it can be seen that internal factors in class XI students of Indonesia Raya Bandung Vocational High School have high results, the score on a continuum can be described as follows.

![Figure 1. Continuum Line of Internal Factors](image)

Based on the figure above, it can be said that internal factors in class XI students of Indonesia Raya Bandung Vocational High School have high results.

Responses to External Factors for Class XI Students at Indonesia Raya Bandung Vocational High School

Based on the results of data processing, it was found that the overall dimensions of external factors (X2) consist of first, family environment with a score of 2314, an ideal score of 3150 with a percentage value of 73.42%, and the social environment with a score of 4631, an ideal score of 6300 with a percentage value of 73.46%.

The findings or results of data processing show that the dimension that gets the highest score is the dimension of the social environment with a percentage value of 73.46%. While the response with the lowest score is the dimension of the family environment with a percentage value of 73.42%.

Based on the recapitulation of responses, it was found that the external factors score is 6954 with an ideal score of 9450 with a percentage of 73%, and it can be seen that external factors in class XI students of Indonesia Raya Bandung Vocational High School have high results.

![Figure 2. Continuum Line of External Factors](image)

Based on the figure above, it can be said that external factors in class XI students of Indonesia Raya Bandung Vocational High School have high results.

3.1 Path Analysis Assumption Test

3.1.1 Normality Test

The normality test is carried out to determine whether the data obtained from the results of field research are normally distributed so that the data can be used or not in the path analysis model. To know this, a statistical test was carried out using the Kolmogorov Smirnov test with a significance result of 0.419 for research data. This value is > 0.05 so that the research variable data is declared to have a normal distribution of data.

3.1.2 Path Coefficient and Correlation Coefficient Test

This test aims to examine the influence of the dimensions of Internal Factors and External Factors on Entrepreneurial Intentions.

<table>
<thead>
<tr>
<th>Variable</th>
<th>X1</th>
<th>X2</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>1</td>
<td>0.088</td>
<td>0.377</td>
</tr>
<tr>
<td>X2</td>
<td>0.088</td>
<td>1</td>
<td>0.601</td>
</tr>
</tbody>
</table>
To obtain the path coefficient, the inverse correlation matrix is multiplied by the correlation between the dimensions of the independent variable (X) and the variable (Y), presented on the path chart as follows:

**Figure 4.** Path Diagram of Variable X Against Y

(Correlation Coefficient and Path Coefficient).

**Description:**
X1: Internal Factor Variable  
X2: External Factor Variable  
Y: Entrepreneurial Intention

Based on the results of the correlation matrix between Internal and External Factors on Entrepreneurial Intentions, the correlation results were obtained sequentially, namely the Internal Factor (X1) to Entrepreneurial Intention of 0.377, External Factor (X2) to Entrepreneurial Intention (Y) 0.601

**4. CONCLUSIONS**

The formation of entrepreneurial intentions is influenced by internal and external factors[17]. Internal factors that come from within the entrepreneur can be in the form of personal traits, attitudes, willingness, and individual abilities that can provide individual strength for entrepreneurship [18]. While external factors come from outside the entrepreneur, which can be elements from the surrounding environment such as the family environment, the business environment, the physical environment, the socio-economic environment, and others [19].

The partial test results showed that the probability value (Sig) of the internal factor variable (X1) was 0.05, which is 0.00, which means that this variable had a significant effect on the entrepreneurial intention variable (Y). Then the partial test results showed that the probability value (Sig) of the external factor variable (X2) was 0.05, which is 0.00, then this variable was declared to have a significant effect on the entrepreneurial intention variable (Y).

**REFERENCES**


Effect of Technology Readiness Towards Acceptance Technology in Using Information System

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ABSTRACT
The purpose of this study is to obtain an overview of the level of technological readiness, acceptance and interest in using information systems in universities and the influence between these variables. Based on the purpose of the research method used is descriptive and verification. The sample in this study was administrative staff at one of the state universities in Bandung, Indonesia as many as 108 respondents who were taken by simple random sampling technique. The data analysis technique used to test the hypothesis is Partial Least Square (PLS) which is processed using Smart PLS 3.0 software. Based on the results of the study, it was found that there was an influence of Technology Readiness on Perceived Usefulness through Perceived Ease Of Uses and its Impact on Use Intention. Variable perceived ease of use has a higher influence on perceived usefulness compared to readiness technology. And the effect of perceived usefulness on use intention is compared to perceived ease of use.

Keywords: Technology Readiness, Acceptance Technology, Use Intention

1. INTRODUCTION

Education is one of the most affected by Covid-19. The Covid-19 pandemic has disrupted higher education. In the United States, more than 200 universities are canceling face-to-face classes and going online. Asian countries are also experiencing the same trend. In Southeast Asia, some schools have closed. Many universities are also shifting face-to-face classes to online learning to limit the transmission of Covid-19.

Based on data from the Central Bureau of Statistics in 2020, it is currently estimated that around 3251 universities are under the auspices of the Ministry of Research, Technology and Higher Education and the Ministry of Education and Culture and 826 under the Ministry of Religion. The number of lecturers includes 261,827 who teach under general education institutions and 40,762 under religious education institutions. Meanwhile, the number of students under the Ministry of Research, Technology and Higher Education and the Ministry of Education and Culture is 7,339,164 people and at the Ministry of Religion 1,151,262 people. By looking at the number of lecturers, administrative staff, and students, of course, the Covid-19 pandemic has caused disruption, especially in the learning process, academic services and various related activities.

With online lectures, several problems arise, not only from the side of students, lecturers but also administrative staff. According to the Policy Brief: Education during COVID-19 and beyond published by the United Nation in August 2020, higher education is very vulnerable as a result of the low level of digitalization and weak organizational structures that can support changes in administrative challenges and teaching modalities from face to face, online and hybrid teaching. In fact, there are many cases where universities stop teaching due to low access to information technology and the unavailability of connection to the internet.

In general, the Covid-19 pandemic has opened a reality that access to universities, lecturers, administrative staff, and students to educational support facilities that are responsive to pandemics is uneven. Higher education is also still not fully prepared for a pandemic disaster management system, both from online teaching tools, the readiness of lecturers and administrative staff.

Administrative staff as a supporting element in a university have a very important role for the continuity of well-managed academic and administrative services. As part of a university, of course, distance learning policies have a very big impact on administrative employees because everything has to be done from home.
Currently, information technology (IT) has become a necessity for every individual. IT can help every individual in carrying out their activities and increase effectiveness and efficiency in work. The importance of the use of information technology is recognized by universities in Indonesia as the demands of the globalization era to be more competitive and competitive, but in practice there are still many applications that have not been used optimally by lecturers, students, and administrative staff. When the Covid-19 pandemic occurs and most work is done at home, this information system becomes very useful.

In adopting information systems, individual readiness is a very important factor, it is in response to changes in organizational culture in universities. Individual readiness is more likely to be confident, optimistic, and confident in adopting new technology. The number of models that examine causal relationships to measure the level of technology readiness and acceptance of information systems by users, researchers are interested in using the Technology Acceptance Model (TAM) to support the research conducted. The TAM model was developed by [1] which adapted the Theory of Reasoned Action (TRA) model. This theory was developed by [2]. The basic difference between TRA and TAM is the placement of attitudes from TRA, where in TAM theory there are two key constructs, namely perceived usefulness and perceived ease of use, while in TRA the main construct is attitude towards behavior and subjective norms.

[3] defines technology readiness as people's propensity to embrace and use new technologies for accomplishing goals in home life and at the workplace. One's perception of technology has a positive side and a negative side, causing the emergence of four dimensions in technology readiness, namely optimism, innovation, discomfort, and insecurity. Behavioral intention is the willingness to recommend services to others and the willingness to reuse them. In interacting with consumers like today's era, service providers must carefully observe consumer behavior patterns if service providers do not want to lose consumers. Consumer behavior can give a signal to service providers whether consumers want to stay in touch with service providers. [4] Intention to use is influenced by two basic factors, namely personal factors and social influence factors. Both of these factors have a positive effect on individual behavioral intentions that positively cause a behavior. Behavior is an individual's actual action as a result of the factors that influence it [2].

H1: There is an influence of Technology Readiness on Perceived Ease of use
H2: There is an Influence of Readiness technology on Perceived Usefulness through Perceived Ease of Usefullness
H3: There is an Influence of Perceived Ease of Usefulness on Use Intention through Perceived Usefulness

2. METHODS

Based on the research objectives, the method used in this research is descriptive and verification. Descriptive research aims to obtain an overview of the variables of technology readiness, perceived ease of use, perceived usefulness and use intention. While the verification method aims to examine the effect of technological readiness on perceived ease of use and perceived usefulness and its impact on use intention. The research instrument in the form of a questionnaire was used to collect data from respondents. The sample in this study were administrative employees at one of the state universities in Bandung, Indonesia as many as 108 people who were taken using simple random sampling technique. Partial Least Square is used as a data analysis technique to test the effect between variables. Figure 1 shows the relationship between technology readiness, perceived ease of use, perceived usefulness and use intention.

![Figure 1. Research Model](image)

3. RESULTS AND DISCUSSION

Outer Model

Evaluation of the indicator measurement model includes checking individual item reliability, composite reliability, convergent validity, and discriminant validity.

Testing the reliability of items seen from the value of the loading factor. It is said to be ideal if it is above 0.7, meaning that the indicator can be said to be valid as an indicator to measure the construct. However, standardized loading factor values above 0.5 are acceptable. Meanwhile, the standardized loading factor value below 0.5 can be excluded from the model [5].

![Figure 2. Outer Model](image)
Based on Figure 2, it can be seen that all indicators in each variable have a loading factor value above 0.7, so it can be said that all indicators are very good in shaping the variables.

Next is composite reliability test. The statistics used in composite reliability or construct reliability are Cronbach’s alpha and D.G rho (PCA). Cronbach’s alpha and D.G rho (PCA) values above 0.7 indicate the construct has high reliability or reliability as a measuring instrument. The limit value of 0.7 and above means it is acceptable and above 0.8 and 0.9 means very satisfying [6].

Table 1. Composite Reliability

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Cronbach’s alpha</th>
<th>D.G. rho (PCA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Readiness</td>
<td>0.977</td>
<td>0.979</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
<td>0.925</td>
<td>0.925</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>0.983</td>
<td>0.984</td>
</tr>
<tr>
<td>Use Intention</td>
<td>0.970</td>
<td>0.970</td>
</tr>
</tbody>
</table>

Based on Table 1, it can be seen that all variables have Cronbach’s alpha and D.G rho (PCA) values > 0.7 so they are said to have very satisfactory reliability.

Average Variance Extracted (AVE) describes the amount of variance that can be explained by items compared to the variance caused by measurement error. The standard is if the AVE value is above 0.5, it can be said that the construct has good convergent validity.

Table 2. Convergent Validity

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Mean Communalities (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Readiness</td>
<td>0.936</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
<td>0.870</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>0.952</td>
</tr>
<tr>
<td>Use Intention</td>
<td>0.943</td>
</tr>
</tbody>
</table>

Based on Table 2 shows that the value of the four variables is above 0.5 so that the construct has good convergent validity where the latent variable can explain the average of more than half the variance of the indicators.

Good discriminant validity will be able to explain the indicator variable is higher than explaining the variance of other construct indicators.

Table 3. Discriminant Validity

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Ease of Use</td>
<td>0.804</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>0.883</td>
</tr>
<tr>
<td>Use Intention</td>
<td>0.939</td>
</tr>
</tbody>
</table>

Table 4 shows that the R² value for the perceived ease of use construct is 0.804. This means that technology readiness is able to explain the perceived ease of use variance of 80.4%. The R² value for the Perceived usefullness construct is 0.883. This means that technology readiness and perceived ease of use are able to explain the perceived usefullness variance of 88.3%. The value of R² for the use intention construct is 0.939. This means that technology readiness, perceived ease of use and perceived usefullness are able to explain the use intention variant of 93.9%.

Hypothesis Testing

Table 5. Hypothesis Testing

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDDEV)</th>
<th>T Statistics (T/STERR)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Readiness</td>
<td>0.897</td>
<td>0.042</td>
<td>21.227</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
<td>0.892</td>
<td>0.012</td>
<td>16.215</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>0.916</td>
<td>0.162</td>
<td>2.819</td>
<td>0.000</td>
</tr>
<tr>
<td>Use Intention</td>
<td>0.810</td>
<td>0.085</td>
<td>6.658</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that the discriminant validity value of each indicator has a higher correlation with the latent variable compared to other variables. This shows that each variable is able to explain higher variance with its indicators compared to other indicators.

Inner Model
Hypothesis 1:
“There is an influence of Technology Readiness on Perceived ease of use”

Based on the Table 5, it can be seen that there is an influence between technology readiness on perceived ease of use, this can be seen from the t-value of 21.227 (t-value > table 1.96) with a significance level of 0.000 (sig < 0.05). The original sample estimate value is positive, which is 0.897 which indicates that the direction of the relationship between technology readiness and perceived ease of use is positive. Thus the hypothesis which states that “There is an influence of Technology Readiness on Perceived ease of use” is accepted either simultaneously or partially. The coefficient of influence of technology readiness on perceived ease of use is 0.897.

Hypothesis 2:
“There is an Influence of Readiness technology on Perceived Usefulness through Perceived Ease of Usefulness”

The R² value for the Perceived usefulness construct is 0.883. This means that technology readiness and perceived ease of use are able to explain the perceived usefulness variance of 88.3%.

Based on the table above, it can be seen that there is an influence between technology readiness on perceived usefulness, this can be seen from the t-value of 2.157 (t-value > table 1.96) with a significance level of 0.031 (sig < 0.05). The original sample estimate value is positive, which is 0.349 which indicates that the direction of influence between technology readiness on perceived usefulness is positive.

There is an influence between perceived ease of use on perceived usefulness, this can be seen from the t-value value of 3.819 (t-value > table 1.96) with a significance level of 0.000 (sig < 0.05). The original sample estimate value is positive, which is 0.614 which indicates that the direction of influence between perceived ease of use and perceived usefulness is positive.

Hypothesis 3:
“There is an Influence of Perceived Ease of Usefulness on Use Intention through Perceived Usefulness”

The R² value for the Perceived usefulness construct is 0.883. This means that technology readiness and perceived ease of use are able to explain the perceived usefulness variance of 88.3%.

Based on the table above, it can be seen that there is an influence between Perceived ease of use on perceived usefulness, this can be seen from the t-value of 5.095 (t-value > table 1.96) with a significance level of 0.000 (sig < 0.05). The original sample estimate value is positive, which is 0.428 which indicates that the direction of influence between Perceived ease of use and perceived usefulness is positive.

There is an influence between perceived usefulness on use intention, this can be seen from the t-value of 6.558 (t-value > table 1.96) with a significance level of 0.000 (sig < 0.05). The original sample estimate value is positive, which is 0.559 which indicates that the direction of influence between perceived usefulness on use intention is positive.

A person’s willingness to use a technology or system is the main measure of interest in using it in the construct of a technology acceptance model. According to [7] states that the perception of ease of access and convenience where a person believes that using a technology will provide more benefits than business. The higher a person’s perception of the ease of access and convenience of a system, the higher the level of utilization of the system.

4. CONCLUSIONS

The technological readiness of administrative employees at one of the public universities in Bandung, Indonesia is good in terms of the dimensions of optimism, innovativeness, discomfort, and insecurity. In the dimension of optimism, the information system is considered to help ease/facilitate the respondent’s work because previously all data recorded manually was the indicator that was rated the highest, while the indicator that was rated the lowest was the respondent’s belief in the information system working in accordance with what was instructed by the respondent. In the Innovativeness dimension, the indicator that is rated the highest is the respondent’s desire to find out in more detail if there is a new information system. While the lowest rated is an indicator of feeling more free in activities that are felt by respondents using information systems. For the dimension of discomfort, the indicator that is rated the highest on the dimension of discomfort is the feeling of the respondent when entering data into the information system, because it is possible that the data can be wrong. While the lowest rated is the respondent’s feeling that the information system complicates the work due to signal constraints. And on the insecurity dimension, the indicator that is rated the highest is the respondent’s re-check when entering data to ensure that there are no errors. While the indicator that is rated the lowest is the respondent’s disbelief that data sent online through the information system can reach the destination.

The description of perceived ease of use is quite good, where the indicators that are rated the highest are the ease of information systems to learn and the ease of inconvenience to use systems to understand. Meanwhile, those that are rated the lowest are indicators of the ease of information systems in work.

The description of perceived usefulness is quite good, where the indicator that is rated the highest is that the overall information system has benefits for respondents. While the lowest rated is the indicator of the use of information systems to improve the performance of respondents at work.

The description of use intention is quite good, where the indicator that is rated the highest is the respondent’s expectation that the information system can be used in future work. While the indicator that is rated the lowest is the respondent’s intention to use the information system.

There is an influence of Technology Readiness on Perceived Usefulness through Perceived Ease Of Uses
and Its Impact on Use Intention. Variable perceived ease of use has a higher influence on perceived usefulness compared to readiness technology. And the effect of perceived usefulness on use intention is compared to perceived ease of use.

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